Daily Report

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FBIS-SOV-95-065 *5 April 1995*

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Edict Signed on Military Attaches in CIS Embassies

LD0304212395 Moscow ITAR-TASS World Service in Russian 1656 GMT 3 Apr 95

[FBIS Translated Text] Moscow, 3 Apr (TASS)—Russian embassies in Azerbaijan, Armenia, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Turkmenistan, and Uzbekistan will have military attaches. Boris Yeltsin today signed an edict to that effect, his press service reported.

ITAR-TASS Carries Press Review for 5 Apr

LD0504082095 Moscow ITAR-TASS in English 0423 GMT 5 Apr 95

["Press Review"—ITAR-TASS headline]

[FBIS Transcribed Text] Moscow April 5 TASS—Moscow and Washington could not come to agreement on most issues under discussion, notes the NEZAVISIMAYA GAZETA newspaper, commenting on the results of the Russian visit by U.S. Defence Secretary William Perry.

It notes that Moscow is not very sympathetic with Perry's statement that NATO's aim is to strengthen stability and security in Europe. Therefore, the Russian defence minister said that Russia may form new army groups at the most threatening directions to counter NATO's expansion.

The IZVESTIYA newspaper reports another unpleasant event for the American guest: speaker of the Russian parliament upper chamber Vladimir Shumeyko noted that growing numbers of upper chamber members claim that a more critical approach should be taken to the ratification of the Strategic Arms Reduction Treaty (START-2), taking into account the interests of Russia. These interests are to prevent the spread of NATO to the East.

In an interview with the ROSSIYSKIYE VESTI newspaper, head of the Russian president's office Sergey Filatov refuted an allegation by former Russian Vice-President Aleksandr Rutskoy that the office allegedly mulls over a referendum on the extension of Boris Yeltsin's term of office.

At the same time, Filatov expressed concern that the upper chamber of the Russian parliament may "drag its feet" with the bill on elections to the lower house. Filatov believes that it is unreasonable to adapt the election bill to the current situation and to change "rules of the game" each year.

He pointed to the need for a multiparty system uniting various segments of society, which have similar positions. "Otherwise," Filatov claims, "we shall have a situation when 'the party of power' will stage an election campaign."

Russia has no laws to stop sharpsters. This point of view was expressed in IZVESTIYA by officers from the chief administration on economic crimes of the Russian Interior Ministry.

It turns out that the draft of a new criminal code does not provide for responsibility for illegal entrepreneurial activities. Officers cite several examples, proving that slack state control over emerging market relations is fraught with serious consequences for society.

For instance, the sum of damage from actions of sharpsters in the financial sphere totalled 20,000 billion roubles (five billion U.S. dollars at the rate on January 1, 1995). The situation when there is no legislative basis up to this time, is profitable only for those who continue to rob the country and people, the daily notes.

At the same time, Vice-Premier Anatoliy Chubays said in an interview with the KOMSOMOLSKAYA PRAVDA newspaper that the government is drafting normative documents to regulate the operation of financial companies.

It is necessary to have a strict procedure containing mandatory rules for issuing securities, order of their floatation and responsibility of issuers, he noted. Chubays admitted at the same time that it is impossible to settle this question instantly.

According to the vice-premier, a decree is being drafted to transform financial companies into new entities with a higher level of responsibility.

The same newspaper features an interview with director of the Federal Counterintelligence Service Sergey Stepashin on the fascist and criminal threat in Russia. Social and economic difficulties and the topic of trampling underfoot a great Russia are wonderful grounds for extremists in the country, Stepashin claims.

Instability and impossibility to guarantee life to citizens are helpful to extremists too. It is necessary to rehash drastically the criminal code and the entire package of legislation, stressed Stepashin.

Speaking about the operation of his service, its head regretted that the security service has been reshuffled four times, which could not raise its efficiency in any way. "We shall restore a strong state security service," Stepashin stressed.

NEZAVISIMAYA GAZETA reports a plenary meeting of the Ukrainian parliament, which sacked the country's government. The daily also gives a summary of an annual report by Ukrainian President Leonid Kuchma at the legislature, pointing to its market edge.

True, the newspaper notes, despite the applause, the president could not suit everyone: left-wingers thought that there was too much capitalism in the report, while radicals thought vice versa.

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Official Comments on U.S.-Russian Talks

LD0304214295 Moscow NTV in Russian 2000 GMT 3 Apr 95

[FBIS Translated Excerpt] The visit of the U.S. defense minister to Moscow has certainly become the most remarkable event of the day. It was extremely interesting—in that probably for the first time in a long period the Americans heard a firm no from the Russian leadership on most important questions. Vladimir Shumeyko described the Moscow talks as follows: the parties stated that their respective views were totally clear to each other but that that they did not coincide at all. [passage omitted]

[Begin Aleksey Arbatov, chairman of the subcommittee on security of the Duma Defense Committee, recording] One has the impression that under the guise of noble intentions of preventing the proliferation of nuclear weapons, attempts are being made to push Russia from the market of nuclear technologies used for peaceful purposes. This is a very lucrative market, where one can sign major contracts and obtain considerable income.

The experience of the North Korea convinced many in our country that the United States and other Western countries want to push Russia out in one way or another. Russia and the Soviet Union cooperated for decades with North Korea—it was deemed to be bad at the time. It was dangerous in terms of proliferation of nuclear weapons. Then Russia was in fact pushed out of there, and the United States took its place. They will now supply nuclear powered stations to the same North Korea— to the same state, whose nature has not altered in any way. Now this does not constitute a threat for the nonproliferation.

That is why we should cooperate in terms of enhancing the effectiveness of the verification, but one cannot make such preconditions on the basis of one's political tastes or preferences.

The relations between Iran and the United States may make the same turn in six months: this is also rather unpredictable. But this does not mean to say that Russia should adjust to every turn in the American policy. One should play by the rules of the game, and in this instance these are set by the Non-Proliferation Treaty. If the United States believe that the guarantees and the verification provided by the IAEA are not effective enough, then we should consider increasing this effectiveness and these guarantees jointly. But one cannot put obstacles in the way of the legitimate cooperation between third countries for subjective reasons. [end recording]

Perry Visit Coverage Termed Low-Key

MM0504095795 Moscow KRASNAYA ZVEZDA in Russian 5 Apr 95 p 1

[Article by Mikhail Pogoreiyy: "No Reason for Pessimism"]

[FBIS Translated Text] Many Russian mass media have given a predominantly low-key assessment to U.S. Defense Secretary William Perry's visit to our country and the talks which Russia's leaders held with the Pentagon chief in Moscow. Yet there is no reason at all to dramatize current Russian-American relations.

At the news conference which William Perry held at the end of his meetings and conversations in Russian power structures he also indicated a number of problems where America and Russia share a firm unity of view and approach. These include, for example, a major block of various aspects of nuclear disarmament, the conversion of defense production, and cooperation between military departments and the need to develop cooperation within NATO within the framework of "Partnership for Peace." On a number of issues there are differences of view and attitude—the prospects for NATO expansion, methods for resolving the Chechen problem, Russian economic and military-technical cooperation with Iran.

But the main thing is that the two sides, while acknowledging the existence of differences, are displaying a readiness and determination to look for and find ways out equally suiting Moscow and Washington alike. Immediately after William Perry's talks with Russian leaders instructions to this effect were given to working groups of experts. Military questions will be reexamined in greater detail in the very near future by Colonel General Mikhail Kolesnikov, chief of General Staff of the Russian Federation Armed Forces, and General John Shalikashvili, chairman of the U.S. Joint Chiefs Of Staff.

On 4 April the Pentagon chief left the Russian capital for Engels, where he familiarized himself with the organization of the process of the elimination of strategic bombers in accordance with the START I Treaty. The same day the U.S. defense secretary left Russia for Kazakhstan.

Joint Military Exercise To Be Held in U.S.

LD0304192295 Moscow INTERFAX in English 1912 GMT 3 Apr 95

[FBIS Transcribed Text] MOSCOW, April 3 (Interfax)—Russia and the U.S. will carry out a joint military exercise on U.S. territory in late summer-early autumn this year, Russian and U.S. defense chiefs Pavel Grachev and William Perry agreed during their meeting in Moscow today.

Perry told a news conference in Moscow this evening that the purpose of his working visit to Russia was to "re-enforce positive aspects in the partnership" between the U.S. and Russia. He said he considered these positive aspects to be bilateral cooperation for reorganizing former defense enterprises, implementation of the START-1 treaty and cooperation within the scope of the NATO Partnership for Peace program.

Perry signed a document in accordance with which the U.S. would grant Russia $20 million for implementing the START-1 and START-2 treaties after START-2 was ratified.

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Perry said he believed that Russia was a leader in Europe and should play the leading role in the NATO Partnership for Peace program. "Grachev agreed with this," he added.

Commenting on the reorganization of former defense enterprises, Perry said that the end of the Cold War allowed the U.S. to reduce its defense industry by 60 percent. He said that the figure was probably even bigger in Russia where it could approximate 80 percent. He said this was a positive fact which allowed the two countries to spend more on social programs.

At the same time, Perry agreed that the reorganization of former defense enterprises was followed by job losses. He said the two countries should cooperate "seriously" to tackle the problem.

Perry said that the Russian-U.S. partnership had not only positive but also negative aspects. He mentioned among such negative aspects the intention of the Russian authorities to sell water-moderated reactors for the nuclear power station in Iran, the reaction of Moscow to NATO's planned expansion and the situation in Chechnya.

Perry said the U.S. was against Russia delivering nuclear reactors to Iran as "it encourages the nuclear ambitions of Teheran." He said he was not sure that the nuclear power station in Iran would be used for producing electric power. Nevertheless, Perry said the Russian leaders had told him that Moscow would not review its position on the delivery of nuclear reactors to Iran.

Perry said he urged Grachev to call a ceasefire in Chechnya and deploy a permanent OSCE mission there. Perry said Grachev had never responded to his first proposal on ending military actions in Chechnya. He added that the reaction of Grachev to the second proposal was "more positive."

Speaking about NATO's expansion to the East, Perry said the process would not be quick. NATO includes 16 states, he added. He said the admission of every country must be ratified by 16 parliaments which would "take time."

Perry said he and Grachev had discussed the production of biological weapons in Russia. Perry said the U.S. doubted that Russia no longer produced biological weapons.

"Grachev told me that biological weapons were no longer produced and proposed that corresponding inspections be held", Perry said. He added that Russian and U.S. experts were likely to conduct more consultations on this and several other issues in the near future.

Defense Industry, Ministry Seen Pleased

MK0504111195 Moscow SEGODNYA in Russian 5 Apr 95 p 2

[Report by Pavel Felgengauer under the "Visit" rubric: "Russian Military-Industrial Sector Satisfied With William Perry. There Is No Alternative to Cooperation with Russia"]

[FBIS Translated Text] High-ranking officials at the Defense Ministry and the military-industrial sector are satisfied with the results of William Perry's Moscow visit, although just a few days ago they expected troubles ahead from a visit by a U.S. defense secretary, particularly in connection with the Russian-Iranian reactor deal.

During his meeting with Viktor Chernomyrdin on Monday, when supporters of the Iranian contract expected the most serious showdown on the reactor issue, William Perry adopted what Russian officials described as a passive stance. That is to say, he outlined the United States' viewpoint, heard Russian objections, and, as far as one can judge, was satisfied with promises of tight monitoring. "We may disagree with something, but this should not affect our cooperation in other areas," William Perry never tired of repeating during his Moscow visit.

"Our guys" liked these positive ideas. First Deputy Defense Minister Andrey Kokoshin sees U.S. assistance in Russian conversion programs as "modest." But what has already been done is a step in the right direction. It is important that cooperation should be fair for both sides and mutually advantageous. In Andrey Kokoshin's words, Perry recognized that the opposition to the Clinton Administration asserts that the infusion of American capital into conversion projects in the Russian Federation only strengthens Russia' defense capacity. But, in Mr. Perry's view, these projects can actually benefit both sides.

Andrey Kokoshin fully agreed with his U.S. counterpart, but the key element of conversion cooperation with the Americans should be tight state control so as not to damage Russian security. The reason is that over the past few years "cash-strapped" defense enterprises have been indiscriminate in choosing their partners.

The American top brass backs the desire by William Perry and President Clinton to have the stablest and most businesslike possible ties with the Kremlin. If those who argue that Russia should be "punished" for Chechnya and its transaction with Iran on the Capitol Hill and in the American press finally succeed in turning relations with Moscow sour, the U.S. military will be the first to be lose. In yet another clash with Iran or any other regime hostile to the United States, American pilots may encounter, for instance, state-of-the-art Russian air-defense systems, and the level of their losses may be comparable to what they suffered in Vietnam.

This is why officials at the Pentagon are particularly happy about an agreement reached in Moscow on holding a meeting between Generals John Shalikashvili and Mikhail Kolesnikov. They attach particular importance to close friendly (personal) contacts with the Russian Army's top brass. As was said during the Cold War, "there is no alternative to detente."

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Perry Seen Facing 'Disappointment'

MM0504123895 Moscow KOMSOMOLSKAYA PRAVDA in Russian 5 Apr 95 p 7

[Article by Stanislav Kucher: "'Deaf Ministers' Do Not Hear Each Other"]

[FBIS Translated Text] Harold Smith, U.S. under secretary for atomic energy, who is accompanying his boss on the present trip, told me: "Russian-U.S. cooperation has a good future, despite disagreements over the Russian-Iranian deal. We believe that your country will assess the situation adequately and will act correctly...."

But for the time being, based on the Americans' logic, Russia is "acting incorrectly." Western newspapers have called the talks held in Moscow between U.S. Defense Secretary William Perry and the Russian leadership—Chernomyrdin, Grachev, and Soskovets—a "dialogue of the deaf." The main purpose of the visit was to persuade Russia to renounce the planned deal to sell Iran a nuclear reactor and to build a nuclear electric power station at Bushehr. Let us remember that the contract is to bring Russia in a sum total of $9 billion—$1 billion right away and $8 billion as a result of attendant deals.

Contrary to forecasts by a number of U.S. political experts, Viktor Chernomyrdin unequivocally declared that Russia would not renounce such a profitable deal. The next disappointment for Perry was Pavel Grachev's statement that the policy of expanding NATO eastward by admitting former socialist republics could result in "Russia taking countermeasures"—refusing, for example, to observe the Treaty on Conventional Armed Forces in Europe. Finally, the last "surprise" for the U.S. secretary was the failure of the talks on Chechnya: Grachev, no matter how hard Perry tried to persuade him, would not promise to end combat operations in the immediate future.

The only incontestable success of the talks was the agreement that was signed on the U.S. granting Russia an additional $20 million to carry out the further conversion of the defense industry. Perry also promised that the total U.S. investments in our conversion will amount to approximately $1 billion....

The disagreements during the talks did not, however, prevent the U.S. defense secretary and the Russian defense minister from eating their fill at dinner together, after which Perry said that he remained "pleased with the Russian hospitality."

Differences Remain After Perry Visit

MM0504090895 Moscow IZVESTIYA in Russian 5 Apr 95 p 3

[Feature comprising reports by Viktor Litovkin, Boris Vinogradov, and Aleksandr Sychev under the general heading: "Agreement 'on Trifles' Against Background of Major Differences of Opinion. Moscow Promises To Find Answer to Plans for NATO Expansion"]

[FBIS Translated Text] [Litovkin report] Despite the stern statement by Russian Defense Minister Army General Pavel Grachev about the possible expansion of NATO to the east, the Russian military are very satisfied with the results of the meeting with U.S. Defense Secretary William Perry and the agreements signed with the Americans.

Under one of them, so we have discovered, the United States will grant Russia $20 million to implement the START-I and START-II treaties. Some $17 million of this will go on the purchase of another consignment of special containers from Britain for the transportation of nuclear warheads, and the remaining $3 million on equipping the headquarters and the troops servicing the nuclear warheads with computers.

As a senior staffer at the General Staff 12th Main Directorate who is in charge of these special munitions stated, this is, of course, only 1 percent of what we need, but the U.S. aid will come in very handy to us. Unlike previous years, when all the money appropriated by the Pentagon for Russian nuclear disarmament remained in the United States for the exclusive support of American firms and companies, Russian generals have been given the right to spend the present sums.

The radiation, chemical, and biological protection forces are satisfied with the agreements. The officer in charge of these forces, Colonel General Stanislav Petrov, said to me that a joint plan for work in the current year has been produced and approved. It includes Russian-U.S. experiments to assess technology for a two-stage process for the destruction of chemical weapons. The first part of the work will be carried out at the Atwood munitions depot in the United States, and the second at the base of the Saratov Military School for Radiation, Chemical, and Biological Protection Forces.

The Americans will grant the Russian Army nonreturnable aid in the form of testing equipment and computers to the value of $2.5 million. The joint plan also envisages the creation of a pilot (experimental) unit to neutralize toxins on the basis of Russian technology but with U.S. equipment.

The location of this unit is not being divulged for the moment, but it is known that a full-scale facility for the destruction of toxins will be created based on the results of the unit, and this facility will be financed entirely by the U.S. side until it is commissioned.

[Vinogradov report] As AP writes, William Perry came up against a brick wall with the Russians when discussing such an important document as the Treaty on Conventional Forces in Europe (CFE).

Pavel Grachev stated absolutely bluntly to Perry that if NATO's area of responsibility is extended to the east, Russia will take "commensurate measures" and will be

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forced to review its obligations under the CFE treaty. Our minister said that he is holding in reserve such options as the formation of new force groupings in the most threatened areas as well as closer cooperation with our "comrades-in-arms" in the CIS countries.

To all appearances these plans did not scare William Perry very much. At any rate, he indifferently pointed out that maneuvers and troop movements on the territory of the European part of Russia are the business of Russia itself. With regard to its relations with CIS countries within the framework of the Tashkent Treaty on Collective Security, here again, so to speak, he wished them the best of luck. Provided that the number of conventional weapons does not exceed the limits set in November 1990 in Paris.

The Russian Ministry of Foreign Affairs also considers that the treaty should be observed, and by November of this year, when the reductions should have been completed everywhere, Russia will look no worse than anybody else. That is, we will reduce the required quantity of arms, but we will ask the Western countries to review the so-called "flank restrictions." Which is a reasonable request. After the Warsaw military bloc's collapse and the USSR's demise, Russia found itself at a disadvantage on its southern and northern peripheries.

Moscow is pressing to be allowed to strengthen the group of Russian forces in the Caucasus and the Leningrad Military District within the limits of the quota stipulated by the CFE treaty. As for the threat of transferring forces closer to the West, in particular to Kaliningrad Oblast, there is nothing to stop Russia doing this. According to the CFE treaty, it has the right to keep up to 75 percent of all its Armed Forces there.

However, we were told in Smolensk Square [site of Foreign Ministry] that if the East European countries join NATO and this alliance is seen to have aggressive intentions, there will no longer be any point in the CFE treaty for Russia.

[Sychev report] It was evidently an unpleasant surprise for U.S. Defense Secretary William Perry when, at the precise time of his visit, Federation Council Chairman Vladimir Shumeyko stated that the voice of those in the upper chamber of the Russian parliament who do not intend to rubber-stamp the Treaty on the Limitation of Offensive Arms (START-II) has strengthened for the sole reason that its implementation will determine the number of nuclear powers in the world during the next century. The deputies intend to be guided by higher principles—Russia's interests, which lie in particular in preventing NATO's eastward expansion.

Several politicians in Moscow clearly intend to follow the example of Ukraine, which is still fresh in the memory, and use the treaty as a stick to beat concessions out of the United States and the West as a whole. Hence the proposed linkage of START-II to the problem of NATO's expansion, although it is hard to imagine what role strategic nuclear forces would have in strengthening Russia's security in the face of the North Atlantic alliance.

As we know, under the START-II treaty, Russia and the United States should destroy all missiles capable of carrying MIRVed warheads and reduce their arsenals to approximately 3,500 warheads. However, because of differences between the structures of the U.S. and Russian strategic forces, there will be approximately 1,000 fewer warheads in our arsenal than in the U.S. arsenal. Given Russia's current straitened economic position, it is unable to build new single-warhead missiles in order to achieve parity with the U.S. forces. Apart from this, by signing START-I and START-II, Russia is incurring enormous expenses which are essentially useless to its ailing economy. In the opinion of the Defense Ministry, the disarmament programs are swallowing up the lion's share of the country's military budget and restricting our opportunities to reform the Army and improve living conditions for soldiers and officers.

Against the background of this situation, President Yeltsin, in repeating his offer to hold talks on START-III, appears to be a man damaging the country's security and burdening it with new expenditure. But the point that is not mentioned is that the main purpose of START-III for Russia is to persuade the United States to agree to destroy the 1,000-missile advantage it will be left with after START-II's implementation.

Of course, U.S. politicians have also used the threat of not ratifying the treaties on the reduction of offensive weapons in their own interests and in higher state interests. But the present is a very bad time to choose, when any day now the conference on the nonproliferation of nuclear weapons will open after preparations which proceeded with great difficulty. The Russian politicians' political games may tip one side of the balance, and then the appearance of not five but several dozen nuclear powers may become a terrible reality. And the realization that compensation is again being expected from the United States also clearly had an unpleasant effect on Perry, who, according to statements by American journalists, was dissatisfied with his visit.

U.S.-Russia Summit Seen Lacking Substance

MK0504104795 Moscow MOSKOVSKIYE NOVOSTI in Russian No. 22, 2-9 Apr 95 (Signed to press 4 Apr 95) p 5

[Report by Andrey Kortunov, deputy director of the Russian Academy of Sciences' U.S. and Canada Institute, under the "In the World" rubric: "Here Comes Clinton..."]

[FBIS Translated Text] The history of relations between Moscow and Washington, or at least the last three decades of this history, can be studied on the basis of summit materials. The last weeks before summits were always filled with consultations and talks, the frantic

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activity of ministries and agencies, the rush to finalize and agree on documents drawn up for the presidents to sign.

Moreover, summits have turned into an ultima ratio of sorts for the political leaders of the Kremlin and the White House in their struggle with their own bureaucracies. They required achievements, breakthroughs, historic accomplishments, and victories—very similarly to during the run-up to an upcoming CPSU congress. For the sake of success at yet another summit they broke the tenacious resistance of the military, urged on the slow and cautious diplomats, and cut the knots of differences that could not be untangled at lower levels.

As regards its form, Bill Clinton's upcoming visit to Russia will be arranged in the best traditions of such meetings. Fairly protracted and, evidently, uneasy efforts to agree on the visit dates and the U.S. president's itinerary, a flurry of activity by high-ranking officials shuttling between the two capitals (including the arrival of U.S. Defense Secretary William Perry and Undersecretary of State Strobe Talbott in Moscow), deliberate leaks to the press about the visit's schedule—all this is reminiscent of the era of detente in the 1970's and perestroyka in the 1980's.

That is where similarity between the current and former summits ends, however. While talks between Brezhnev and Nixon, and Gorbachev and Reagan, actually changed the course of world history, to say nothing of bilateral relations, yet another rendezvous between Clinton and Yeltsin can by no means lay claim to such a status.

The reason is not just that the "Cold War" has already receded into the past and Moscow and Washington can no longer impose their will on the rest of the world. Both presidents are presently simply unprepared for a serious dialogue. First, both Yeltsin and Clinton have lost their former popularity in their respective countries and have found themselves under heavy critical fire on the part of the opposition. Second, neither of them has a strong foreign policy team capable of taking over the development of a new model of Russian-American relations. Third, both leaders are limited by extremely narrow time horizons: Yeltsin has slightly more than a year to go before elections, Clinton has a year and a half at his disposal.

For these reasons the U.S. president's visit will apparently become a mirror image of Yeltsin's U.S. trip last September—lots of receptions, lunches, visits to museums, plenty of ceremonies, meetings, and talks with a nearly complete absence of specific results.

Meanwhile, there are more than enough subjects for a businesslike discussion. These subjects are the fate of arms limitation agreements that have been signed, but have yet to be implemented; the future of Russia's relations with the expanding NATO bloc; the problem of the upcoming sale of a Russian-made nuclear reactor to Iran; and settling conflicts in the post-Soviet space. But if any of these problems are to be resolved, the two sides will need a great deal of political will, the ability to think strategically, the readiness to take risks, and—most importantly—a formidable domestic political support base. This is precisely what the Russian president and his U.S. counterpart are lacking. Moreover, there are serious disagreements between the two countries on the above problems that will be very difficult to reconcile in themselves. This was confirmed by the essentially fruitless talks held by William Perry in Moscow, who did not manage to narrow in any significant way differences between Moscow and Washington either on Iran or on the upcoming expansion of NATO.

Since the problems are not being resolved, but continue piling up, the much-vaunted Russian-American partnership is taking on an image of quasi partnership or—if we use a term that is currently trendy in the West—virtual partnership. Behind the current facade of the relationship, however unfortunate this may be, there are practically no load-bearing constructions in the shape of specific common interests and lobbyist groups ready to pursue such interests. A building that consists of just a facade is unlikely to be solid.

Kozyrev on Clinton Visit 'Obstacles'

LD0504111795 Moscow INTERFAX in English 1057 GMT 5 Apr 95

[FBIS Transcribed Text] MOSCOW, April 5 (Interfax)—The Russian Foreign Minister Andrey Kozyrev has described as panic rumors the media reports that preparations for the May 9 visit of the U.S. president Bill Clinton to Moscow are facing almost insurmountable obstacles.

"I cannot understand what such claims are based on", Kozyrev said in Moscow Wednesday in reply to a question from Interfax.

According to him, unresolved questions remain, of course, but the general strategy of partnership worked out by the two presidents was developed during Kozyrev's Geneva talks with the U.S. secretary of State Warren Christopher.

The two foreign ministers met in the second half of March.

Kozyrev welcomed Christopher's latest declaration on the priority given to U.S.-Russian cooperation.

"I am convinced in the success of the coming summit and Russian-American partnership in general," the top diplomat stressed.

Russian Science Said Beholden to George Soros

MM0404112495 Moscow RABOCHAYA TRIBUNA in Russian 31 Mar 95 p 6

[Article by Viktor Gribachev: "'George Soros' Universities: Poor Wretch or Kept Woman. Russian Science Has No Other Choice"]

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[FBIS Translated Text] Although on occasions we may have forgotten about our science, recently we were reminded of its existence. In a singular way: NEZAVISIMAYA GAZETA published a report by the Federal Counterintelligence Service [FSK] with the long title "On U.S. Special Services' Use of U.S. Political Science and Sociology Centers, Universities, Nongovernment Foundations, and Public Organizations in Intelligence and Subversive Activity on the Territory of Russia."

Basically, it was primarily about the financing of our science and scientists by the celebrated billionaire George Soros through the international scientific foundation he set up. In the following terms:

"The functioning of scientific centers in Russia is being directed by U.S. special services and the Pentagon into the sphere of intelligence and subversive activity. An analysis of available materials shows that the United States is using its own scientific centers to legally gather important information in the sphere of Russian politics, economics, defense, and scientific and technical achievements, to create positions of influence in the interests of the United States in those spheres and organize a brain drain from Russia."

"Only Good News"

It is pointless now to go the way proposed by representatives of the Soros Foundation in Russia and attempt to give assurances that the report is a routine forgery. Or, even worse, "primitive ideological sabotage, intended to revive spy fever and the old prohibitions in the country," as Professor Igor Kon described the report.

The FSK does not deny it: Our government has doomed our science to poverty. It admits that the scientists are financed by foreign sponsors. And it draws negative conclusions.

Opponents assure us that the Russian Government has doomed Russian science to poverty. They agree that the scientists are financed by foreign philanthropists. And they draw positive conclusions.

Indeed, last year 684 billion rubles [R] were promised to the Russian Academy of Sciences, but only R515 billion were allocated. At the same time, the Soros Foundation allocated $100 million in two years—people may convert it at the going rate if they wish. The conflict of opinion resulted in a 20 January 1995 decision to hold hearings on the activities of the Soros Foundation in our country. They were held a month later.

But the leadership of the State Duma Education, Culture, and Science Committee told the assembled persons that they were present at an "enlarged session of the committee to examine the question of the Soros Foundation's activities in Russia." Apparently, this simple name change enabled a large number of scientists to speak—and voice unequivocal support for the Soros Foundation's work—and reduce to a minimum the unpredictable part, which is traditionally called the "debate."

The speeches were similar: accounts of achievements in various spheres of science and culture with the help of money from George Soros. I will provide extracts from just some of them:

Grigoriy Baklanov, writer: "What program to support libraries and literary periodicals? During the Foundation's lifetime the prices of periodicals have increased 4,000-4,500 times over. This means that people are badly off and, most important, our intelligentsia will effectively be unable to subscribe to journals. So I appealed to George Soros. In the second half of 1992 he provided $1 million, in the second half of 1993 $1 million, in 1994 and 1995 $3 million on each occasion. Libraries were first given a list of journals they could subscribe to at the Foundation's expense: ZNAMYA, VOLGA, published in Saratov, ZVEZDA, OKTYABR, NEVA, VOPROSY LITERATURY, DRUZHBA NARODOV, PRIRODA."

Vsevolod Borisov, director of the Moscow association of the international Soros program "Education in the Sphere of the Exact Sciences": "The aim of the program is to support the best teachers, the best post-graduates, and the best students, professors, and associate professors. So far a total of 5,200 grants have been awarded as a result of decisions by the program board, of which 3,200 have been awarded to teachers."

Professor Aleksandr Rosnitsyn, Academy of Sciences Paleontology Institute: "It all began when Nikolay Nikolayevich Vorontsov was able to persuade Soros that classical biology in the post-Soviet countries requires immediate support. That it was in the interests of scientists not only in this country, but all over the world."

Maybe Expel Him..?

The totally undisturbed, predictable course of the hearings, along "FSK bad, Soros Foundation good" lines, was suddenly interrupted by an unscheduled—as was perfectly clear from the subsequent reaction—speaker.

Professor Sergey Rodin, doctor of economic sciences: "I believe the majority, including me, came here not for Soros' benefit. We are all concerned about education, about science and culture. They have been writing about Soros for nearly 10 years now. To my mind, he is an international rogue and crook. He is a financial market genius. Our Ostap Bender was a pussycat compared with him. Science is a worry, above all to me, as a scientist. Some figures were quoted here: Some scientists are getting $500 apiece. but we have hundreds of scientists. We are living like paupers. I don't know anyone who is worse off. This is what we should be concerned about, not Soros."

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Nikolay Vorontsov, chairman of the science subcommittee of the State Duma Education, Culture, and Science Committee, who was in the chair: "I want to say that my colleague who has just made the offensive remarks was not invited by the science committee. I do not know who invited him, what faction. So I am asking every speaker to say what committee invited him."

A colleague of mine, who was rather skeptical about the FSK report, later made a rather strong statement: "The man was not part of the scenario..."

There was a proposal that the "man should leave the hall."

Nikolay Vorontsov: "No, no, let's not do that..."

The dissenting voice was allowed to remain in the hall.

Soon Andrey Baganov, NEZAVISIMAYA GAZETA commentator, took the floor: "We scientists must not adopt a pose of outraged innocence and pretend—I am not talking now specifically about the Soros Foundation—that all this is being done for philanthropic reasons, out of a desire to raise science in Russia to unattainable heights. The open press published a report on U.S. national security priorities. Read it. Incidentally, it was published in our paper in the summer. It talked clearly about the end of the Cold War—what the United States thinks about that. There is a grain of truth in the FSK report. Let's not pretend that we are not aware that, apart from anything else, information gathering is going on. Incidentally, I talked with two or three scientists I know who are on Soros grants... In their conversation with me they were frank: 'Yes, we realize it is demeaning for Russian science.' But that was in conversation with me. It is letters they are writing to us here..."

Chairman: "Colleagues, if you will allow me, I will be very brief. A letter from thrice Hero of Socialist labor prize winner..."

"Letter from Academy of Sciences vice president..."

"Letter from Russian Academy of Sciences presidium member..."

There were nearly as many letters approving the Soros Foundation's activities as there used to be letters welcoming the conferring of another important title on the general secretary. There are just as many "signatories."

Several hours of hearings were coming to an end.

Deputy Alla Gerber: "It really is terrible that the spies, the saboteurs, the traitors, the whole caboodle, whom we never grew accustomed to before—they are being foisted on us again. There absolutely must be an appeal to the FSK to account for the accusations it has made against Soros or apologize to him. Or we will have to get together and consider what to do next and consult the prosecutor's office, because gratuitous insults must not go unpunished."

The fact that there was no FSK representative at the hearings prevented emotions from boiling over, and in the end the chairman, Nikolay Vorontsov, announced: "The deputies have received a draft decision. I don't want to discuss it now, we will adopt it in due course."

The draft expresses "profound gratitude to Mr. Soros for his contribution to maintaining and developing Russian science, culture, and education."

Caesar's Wife Must Be Above Suspicion

It appears, to use the language of sport, that the organizers of the hearings claimed a walkover, because their rival failed to appear.

How right are the authors of the report—I would remind you that the FSK has not disclaimed authorship—when they say: "The Americans have managed to create a pro-American lobby in a number of central, Russian organs of authority and administration at a very high level.... The destruction of the unified system for keeping state secrets, the devaluation of the concepts of patriotism and vigilance, unsupervised contacts between people who know secrets and foreigners, and the desire to earn 'big money' at all costs are also contributing to the flow of important information abroad"?

If the authors of the FSK report are right, why make such a song and dance about it? If they are not right, then—in line with the general tone of the hearings—I will try to change the FSK's mind completely.

"The Americans have failed to create a pro-American lobby in a number of central Russian organs of authority and administration at a very high level.... The unified system for keeping state secrets is working, all inhabitants of Russia have well developed concepts of patriotism and vigilance, there are no unsupervised contacts between people who know secrets and foreigners, just as there is no desire to earn 'big money' at all costs, and therefore there is no flow of important information abroad."

Anyway, it is impossible to be a bit pregnant. Someone at the hearings thought the FSK's position was absurd, so let us change it, make it positive.... How's that?

It is naive—for all our scientists' gratitude to George Soros—to say that the philanthropist is not pursuing political goals. "Soros is the most influential person in the vast area stretching from the banks of the Rhine to the Urals," this assessment of the man's influence was made by the U.S. magazine BUSINESS WEEK.

If our country's government is unable to fund its own science, it—first science and then the country—will either degenerate totally, or the scientists will be on a philanthropist's payroll. A foreign one even. Then there will be an FSK report merely recording the consequences of this complacency, and we will ridicule it. Dissenting voices will simply be "ejected from the hall" and the long-awaited complete unanimity secured.

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Strobe Talbott, U.S. deputy secretary of state, described George Soros' policy as follows: "I would say this policy is not identical to the government's policy, but competes with it. We are trying to synchronize our efforts in the former communist countries with Germany, France, Britain, and George Soros." One can only guess what place Russia has in Soros' policy.

START-2 Ratification Priority in Russian-U.S. Dialogue

LD0404131995 Moscow ITAR-TASS in English 1239 GMT 4 Apr 95

[By ITAR-TASS diplomatic correspondent Valeriy Sevryukov]

[FBIS Transcribed Text] Moscow April 4 TASS—"The ratification of the Treaty on the Limitation and Reduction of Strategic Offensive Weapons (START-2) and the perpetuation of the ABM agreement are among the priorities of the Russo-American political dialogue," Nikita Matkovskiy, representative of the Russian Foreign Ministry's information and press directorate, said here today.

"The emergence of strike space weapons, the development of which is urged today by some, putting it mildly, irresponsible people in the United States, would endanger the process of nuclear disarmament," the diplomat said. Hence, the Russian Foreign Ministry deems it necessary to secure the urgent ratification of the START-2 treaty and the perpetuation of the ABM agreement.

Defense Ministry Talks View NATO Expansion Plans

LD0404172295 Moscow ITAR-TASS World Service in Russian 1550 GMT 4 Apr 95

[By ITAR-TASS correspondent Mikhail Shevtsov]

[FBIS Translated Text] Moscow, 5 Apr— Lieutenant General Gennadiy Ivanov, aide to the Russian defense minister for military- political questions, assesses plans for the expansion of NATO eastwards as an attempt to isolate Russia. During a meeting held today in the Russian Federation's Defense Ministry with deputies from the North Atlantic Assembly (NAA) and representatives of NATO Headquarters, representatives of the Russian war department announced that the expansion of NATO is a kind of way of imposing the NATO security system on Europe, and would place Russia in unequal political and strategic conditions.

The guests had a different point of view. NAA representative from Denmark, Annet Just, thinks that "the expansion of NATO will do Russia no harm because it is not an aggressive but a defensive alliance." Marco Carnavale, representative of the NATO Headquarters in Europe, compared NATO to an insurance policy which "although expensive, is a guarantee against instability in Europe."

During the dialogue, the sides, while not coming to a common denominator, were, in the assessment of the participants, able to present the problem more broadly. As the ITAR-TASS correspondent was told by Gennadiy Ivanov, "the main aim of the meeting was to compare the positions of the sides."

Kokoshin Claims NATO Expansion Not Inevitable

MK0404084995 Moscow NEZAVISIMAYA GAZETA in Russian 4 Apr 95 p 1

[Report by Yegor Zhukov under the "Visit" rubric: "William Perry in Kiev and Moscow. Assistance Has Been Promised to Ukraine and Russia"]

[FBIS Translated Excerpt] [Passage omitted] Asked by NEZAVISIMAYA GAZETA to comment on the NATO expansion issue, Russian First Deputy Defense Minister Andrey Kokoshin, who took part in the negotiations, noted that political elites in the overwhelming majority of NATO member states are far from unanimous with respect to this problem, and this fact is often underestimated in Russia. Even in the United States, where Kokoshin was on a short visit a month ago, not everybody unambiguously supported such a decision.

Eastward NATO expansion would lead to the elimination of the semidemilitarized zone, which has now emerged in Central and Eastern Europe and which could play a significant role in ensuring stability in Europe.

On the whole, in the first deputy minister's opinion, a proper political and diplomatic course—pursued by Russia with respect to both some NATO members and countries regarded as potential members of that bloc—may radically change a picture which many observers now believe has already been finalized. It is necessary to abandon the false impression that NATO expansion is inevitable and unavoidable. It is also not fated that a new confrontation will emerge between Russia and the West. According to Kokoshin, European and international security should be built not on the basis of "Natocentrism," but must be underpinned by a much broader and more varied foundation. In particular, the development of bilateral relations between Russia and NATO members—including such countries as France, Germany, Italy, and the United States—is of the utmost importance.

Zolotarev on NATO-Russia Meeting

LD0404205395

[FBIS Editorial Report] Moscow Russian Television Network in Russian at 1900 GMT on 4 April, in the "Vesti" newscast, carries a 2-minute video report by correspondent R. Makushin on the 4 April meeting at

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the Russian Defense Ministry with deputies of the North Atlantic Assembly. Lieutenant General Gennadiy Ivanov and Annette Just set out the differing opinions of the sides about the expansion of NATO.

Commenting in a recorded interview on the results of the meeting, Major General Pavel Zolotarev says: "As you noticed, the NATO parliamentarians do not by any means all share the same opinion about expansion. And time will tell how productive this meeting has been. If, as a result of this meeting, there are even more who doubt whether it is expedient to expand NATO—and in the final analysis this will influence the adoption of the relevant political decision in NATO—then we will consider that this meeting has been productive."

Yeltsin Aide Baturin Rejects NATO Expansion

MK0504080995 Moscow MOSKOVSKIYE NOVOSTI in Russian No. 22, 2-9 Apr 95 (Signed to press 4 Apr 95) p 13

[Interview with Yuriy Baturin by Aleksey Pushkov under the "Situation" rubric: "Russia-NATO: Dangerous Games in Verbal Fog"]

[FBIS Translated Text] Rather mixed signals have been coming in lately from the Russian leadership on Russia's attitude to plans to expand NATO; this gives rise to the most varied interpretations both in the Western press and diplomatic circles. What is Moscow's real position? To clear up the situation, MOSKOVSKIYE NOVOSTI turned to presidential national security aide Yuriy Baturin.

[Pushkov] There is a clear discordance regarding Russia's stance on NATO's expansion. Whereas Boris Yeltsin, Viktor Chernomyrdin, and Pavel Grachev speak of Russia's sharply negative view of such plans, Andrey Kozyrev makes it understood to the West that Russia will go along with the expansion under certain terms and guarantees. Which of these lines can be taken as reflecting Russia's official position?

[Baturin] Russia's position is well known. It was formulated in clear cut terms in the Russian Federation president's speech in Budapest on 4 December 1994; it was confirmed in the president's message to the Federal Assembly and in his meeting with the Russian Federation Foreign Ministry leadership on 14 March. Russia still considers the optimum solution to be the creation, on the basis of the OSCE, of a system of collective security in Europe.

I would also like to note that the question of NATO's expansion has by no means been decided even in the West. Both in Europe and in the United States there are sufficiently influential forces which seriously doubt the wisdom of admitting new members to NATO. The reasons for this are purely military and military-technical and will inevitably sharpen when the time comes for the practical implementation of such a decision; there are also economic reasons—the cost of NATO's expansion will surely run into many billions of dollars. There are also political reasons.

For Russia, political reasons prove to be foremost. It does not of course have the right to veto the admission to NATO of any sovereign state. However, the broadening of the alliance contradicts its vital interests. It can, sooner or later, give rise to a feeling of Russia's military-political isolation, to the rise in Russia of anti-West sentiments, and to the revival of a militarist mentality. Not ruled out in these conditions are the resumption of confrontation and a new version of the division of Europe which would, in the final analysis, not strengthen but undermine the security of all countries, including those seeking NATO membership in a bid to strengthen their own security.

As for terms or "guarantees" that could make up for the damage that NATO expansion would do to Russia's national security interests, there are no such terms. Broadening the bloc, in particular, poses a real threat to the existing treaties in the field of arms limitation and primarily to the treaty on cutting conventional arms in Europe. An expansion of the alliance would break up its logical basis and lead to the crumbling of this accord. Hopes for combining NATO's expansion with the establishment of special partnership relations with Russia are rather faint. NATO's expansion undermines the basis for such partnership since Russia can only regard this step as unfriendly.

[Pushkov] There has been a rumor lately in Western mass media and in diplomatic circles in Moscow about Russia's readiness to sign a non-aggression pact in the future with an expanded NATO. To what extent does this correspond with reality?

[Baturin] There are grounds for this rumor but it is of purely "NATO" origin. There they are discussing variants of a preliminary conversion of OSCE commitments (the Helsinki Final Act, the Paris Charter, and the final document of the Vienna meeting) into a treaty. The next steps should be: a NATO-Russia agreement on consultations (consultations on far from all the issues), a special program of partnership with Russia, a program of political cooperation, and, finally, a "non-aggression pact." Furthermore, a comprehensive special agreement on further expanding security cooperation, which would provide for mutual non-aggression commitments, is also being offered .

However, a non-aggression treaty appears hard to achieve, to say nothing of the fact that Russia would not be gaining anything by it. Today the threat of one side attacking the other is not plausible. In effect, by leaking information on plans of this sort, NATO is creating a situation in which people will become accustomed to the idea of its expansion, and is preparing conditions in which it will seem inevitable. In practice, discussions on this topic steer the development of European security in a false direction.

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[Pushkov] But according to Western press reports, the possibility of concluding such a pact was already discussed by the Russian side in recent talks in Washington. It was this that gave grounds to Western politicians to conclude that Moscow had changed its earlier stated position. Such "guarantees" of Russia's security as non-deployment of NATO nuclear arms in countries of Central and Eastern Europe were also discussed there. As a result, whereas those in NATO did not, until recently, seriously consider such a deployment, now this question appears on the talks' agenda. And it is already known that the leaders of some NATO countries have started to discuss such a possibility with the East Europeans.

[Baturin] Whatever variants representatives of the diplomatic or other departments (after all, diplomacy is about choosing the right path out of all the possible ones) discuss with their foreign partners, Russia's foreign policy is in the final analysis laid down by the president as is provided for by the current Constitution. Such major questions of national security as Russia's relations with NATO cannot be decided without Russia's consent. Thus, individual initiative and improvisation are absolutely inadmissible here. Besides, as a result of various shifts in nuances, accents, interpretations and denials coming through from Moscow, NATO itself becomes confused about our intentions.

[Pushkov] Thereby we are creating in NATO the feeling that the bloc should develop its own strategy regardless of Russia since it cannot see where it stands.

[Baturin] Not only that. We are creating a situation, to use mathematical terms, of a game in conditions of uncertainty where our partner does not have sufficient information about the other player's strategy. Such games do have algorithms of solution, but the trouble is that we are creating a situation of uncertainty for ourselves. There are sufficiently clear statements, there is the president's course, but as soon as this strategic course comes to be implemented on the foreign policy level, there comes vagueness and ambiguity. It appears as a matter of fact that we have no concept of relations with NATO. Neither side can win in this sort of game, while both may lose. As mathematicians say, such games have no value.

[Pushkov] As far as is known, the NATO expansion problem has not been taken up by the Security Council. Do you think such a discussion would be necessary to hammer out Russia's clear cut position and for it to pursue a single line in this matter?

[Baturin] Not only has the NATO expansion problem not been assessed by the Security Council, this problem is only beginning to be discussed seriously in our country. Here one must clearly start with a broader discussion—with the participation of the legislative branch since it affects a most important matter of national security. The Security Council too is supposed to say its word at a certain stage. Incidentally, the NATO expansion question has not been discussed in real depth in any NATO country, including the United States.

Russo-Chinese Border Talks Begin in Chita

LD0404061095 Moscow ITAR-TASS in English 0528 GMT 4 Apr 95

[By ITAR-TASS correspondent Andrey Fomin]

[FBIS Transcribed Text] Chita (Siberia) April 4 TASS—Talks between the command of the Trans-Baykal border district and a Chinese military delegation, which started in Chita on Tuesday, are regarded as an important stage in preparations for a coming visit to Beijing by Colonel-General Andrey Nikolayev, director of the Russian Federal Border Service.

Representatives from the Chinese Army discuss with their Russian counterparts prospects for further cooperation to maintain calm and order on the state frontier.

Border guards of the two countries have already accumulated some experience in cooperation. For instance, the two sides hand over detained transgressors to each other. They also established a regular exchange of information on current and possible violations of the border.

However, this cooperation is based only on verbal understandings and has no legal foundation. It is planned that the delegations at the present talks will sign documents on the basics of cooperation between Russian and Chinese borderguards.

Diesel Sub Ordered By China Undergoing Trials

LD3103111995 Moscow ITAR-TASS in English 1044 GMT 31 Mar 95

[By ITAR-TASS correspondent Evald Kessariyskiy]

[FBIS Transcribed Text] Nizhniy Novgorod March 31 TASS—A diesel submarine of the "Varshavyanka" class was launched on Friday at the "Krasnoye Sormovo" ship-building plant on the Volga.

The submarine was ordered by China which will receive it after the u-boat passes trial tests in the Baltic Sea.

"China has already purchased a similar submarine in Russia at the end of 1994. Both submarines were built in 1992. We found the customer in China after our navy refused to accept them. The construction of the third submarine was suspended, and it is awaiting its fate," deputy director general of the plant Valeriy Lisitsin told ITAR-TASS.

Some foreign press reports said China had ordered four diesel submarines from the "Krasnoe Sormovo" plant.

The absence of state orders forced the plant to scrap an already constructed nuclear submarine.

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Mongolian Premier Visits; Trade Ties Viewed

LD0404211995 Moscow ITAR-TASS in English 1931 GMT 4 Apr 95

[By BUSINESS-TASS correspondent Irina Bolshova]

[FBIS Transcribed Text] Moscow April 4 TASS—A protocol on trade and economic cooperation between Russia and Mongolia which is expected to be signed during Mongolian Prime Minister Puntsagiyn Zhasrai's current visit to Moscow, envisages that in 1995 Russia will deliver to Mongolia 300,000 tons of oil products and 200 million kilowatt-hours of electric power, a spokesman for the Ministry of Foreign Economic Ties of the Russian Federation told BUSINESS-TASS here on Tuesday.

According to the protocol, the Mongolian side will deliver to the Russian Federation 143,000 tons of copper concentrate.

In addition, the document envisages to complete in 1995 the construction of objects on the Mongolian territory at the expense of the earlier unused part of the given credit (about 4.3 million U.S. dollars).

The protocol also provides for the obligation of the Mongolian side to pay off the current indebtedness, including 5.4 million U.S. dollars to be paid in hard currency and 14.6 million U.S. dollars by deliveries of goods.

According to data from the Ministry of Foreign Economic Ties, the trade turnover between Russia and Mongolia in 1994 amounted to 242.8 million U.S. dollars, 38 per cent less than in 1993.

Oil products remain Russia's major item of export to Mongolia as before. They account for 37 per cent of the total volume of Russian deliveries which in 1994 were worth 152.9 million U.S. dollars. Russia's export of machinery and equipment to Mongolia has reduced as compared with 1994 and constituted 34 per cent of all deliveries.

Last year Russia imported from Mongolia commodities worth 89.9 million U.S. Dollars. The decline in the volume of import from this country was to a certain extent caused by the nearly complete termination of deliveries to Russia of traditional items of the Mongolian export—carpets, leather and fur coats and other articles.

Commercial structures of the two countries accounted for about 60 per cent of the trade turnover last year, mostly on a barter basis.

The trade on the basis of inter-state agreements was effected by exporting Russian oil products to Mongolia and importing copper concentrate from this country, as well as by deliveries of complete sets of equipment and rendering services at the expense of the 12 million U.S. dollar credit extended to Mongolia by the government of the Russian Federation.

Chernomyrdin Signs 7 Agreements

LD0504124395 Moscow INTERFAX in English 1009 GMT 5 Apr 95

[FBIS Transcribed Text] Moscow, April 5 (INTERFAX)—The Russian-Mongolian intergovernmental negotiations ended in Moscow today with the signing of seven documents. The delegations were headed by Russian Prime Minister Viktor Chernomyrdin and his Mongolian counterpart Puntsaqiyn Jasray.

The documents include an agreement on cultural and scientific cooperation, an agreement on cooperation in mail and electric communications, an agreement on cooperation in hydrometeorology and environmental monitoring, an agreement on cooperation in the timber industry, an agreement on cooperation in higher education, an agreement on cooperation in health care and medical science, an agreement on mutual trips of Russian and Mongolian citizens.

In the words of the Russian Premier, the Moscow visit of the Mongolian government head will boost the solution of many problems that hamper the development of bilateral business relations.

"Russia and Mongolia are neighbors. One does not choose one's neighbors. One makes friends and loves them," said Chernomyrdin.

Russia wants its border regions to develop comprehensive cooperation with Mongolia in industry, science, culture and the humanitarian sphere, he noted.

Chernomyrdin called attention to the need for preservation of achievements of the Soviet-Mongolian cooperation. "We must preserve everything good we had in bilateral relations. This cannot be crossed out. At the same time, bilateral relations must be developed on the basis of new realities," said the Prime Minister.

Russia, Japan, To Cooperate in Sect Investigation

LD0404151495 Moscow ITAR-TASS in English 1431 GMT 4 Apr 95

[By ITAR-TASS correspondent Yelena Gorelova]

[FBIS Transcribed Text] Moscow April 3 TASS—Representatives of the Japanese National Police Agency (NPA) are going to develop their cooperation with Russian law enforcement bodies in the investigation into the activity of the Aum Shinrikyo sect linked with the gas attack in the Tokyo subway, a reliable source in the Russian Interior Ministry told TASS on Tuesday [4 April].

Two NPA officials arrived in Moscow in the strictest secrecy on Monday. They were received by the ministry's foreign relations department head, the source said.

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TASS learnt in Tokyo, the Japanese officials have the rank of the counsellor and work at the NPA foreign and second international departments.

Source of Sarin Said To Lie in Japan, Not Russia

MM0404092095 Moscow IZVESTIYA in Russian 4 Apr 95 p 2

[Article by Viktor Litovkin: "Academician Kuntsevich Insists on Japanese Connection for Sarin Released in Tokyo Subway"]

[FBIS Translated Text] IZVESTIYA has given a lot of coverage to the Japanese Aum Shinrikyo sect and its ties to highly placed figures in the Russian administration. But the Japanese media's pointing to a "Russian connection" in the Tokyo subway tragedy prompted a resolute protest from Moscow scientists.

General and Academician Anatoliy Kuntsevich, the well-known Russian chemist, hero of labor, and winner of the Lenin and international prizes, continues to insist on the Japanese provenance of the sarin released in the Tokyo subway 20 March, when a mass poisoning took place and 10 people died. In an exclusive interview with IZVESTIYA he called the refutation of his statement by a Japanese Embassy official in Russia, as reported by INTERFAX, "not serious."

The words of an unnamed embassy representative, the academician said, should not be considered the Japanese Government's official position. It is the lack of a position both on the current tragedy in the Tokyo subway and on last year's deaths from toxins in Matsumoto that concerns me most, Kuntsevich noted.

The Japanese Government is not publishing and did not publish in 1994 any official information on the physical or chemical analysis of the chemical agents used in the two cases, the medical records of the dead, or the methodology and techniques used to assess the incident, he said. In other words, it dodged objective and open coverage of events. This means it has something to hide. We learn about a tragedy only from journalists—and that is clearly insufficient to draw accurate conclusions about what kind of chemical agents were used and how they could have appeared on the Japanese islands.

Nonetheless, the academician claims, I have made a number of pretty unexpected discoveries myself from what has been shown on TV. I have learned that the Japanese Army has chemical troops, and that the police have chemical defense subunits. They are well-equipped. They have superb gas masks with interesting components that attest to their very high quality and reliability, and to the considerable level of protection provided. The same can be said of their protective clothing.

But the main thing is that these troops also have chemical reconnaissance systems and equipment. In particular, chemical gas analyzers. These are small and very efficient. Using these instruments, the Japanese police were able to instantly announce that sarin had been used in the subway. Consequently, Kuntsevich claims, this instrument has a readout indicating sarin or other chemical agents—such as soman, VX gases....

In order to calibrate the instrument to this readout, it would have to be actually checked against a real chemical agent, the scientist said. There would be no other way of doing it. Hence the conclusion, the academician states, that there are laboratories or industrial isolation chambers in Japan where concentrations of certain chemical agents are developed and where the instrument's capabilities are assessed. Even if the gas analyzers were bought abroad, a number of chemical agents would have to be bought along with them to constantly ensure that the purchased equipment was operating properly.

And the very presence of special chemical troops and excellently trained police subunits also shows, in the military scientist's opinion, that there is a military organizational structure forming a kind of service-command pyramid, the top of which, naturally, relies on government circles. Consequently, it would at the very least be naive to say that the Japanese state is divorced from the problem of chemical weapons, Kuntsevich notes. Those kinds of claims do not hold water.

A country which can identify the structures of chemical agents—that is, higher-level chemical agents than sarin (saxitoxin, palitoxin, and ricin, all of which have been developed by Japan)—cannot fail to have other chemical agents such as sarin, soman, VX.... But, Kuntsevich stressed, I do not intend to accuse Japan of large-scale work to produce chemical weapons. I am merely claiming that those weapons exist in the country in certain quantities, and the sarin trail of the tragedy in the Tokyo subway 20 March—as with the cause of the deaths in Matsumoto 27 June last year—should be sought in Japan itself rather than Russia. Our country has nothing to do with it.

Moreover, he said, the Japanese Government should officially tell the world which chemical agents it has and in what quantities—kilograms or tonnes. After all, admitting that such work has taken place does not mean that any of the world community's rules have been broken, the scientist stated.

Now and later, Kuntsevich said, when the convention banning the production of chemical and biological weapons is ratified, each signatory state will have a right—in the interests of R&D to develop chemical toxin protection agents, in the interests of the combat training of troops, and in order to develop preventive measures and treatment for poisoning—to produce up to 1 tonne of various chemical agents and hold up to 100 grams in laboratories. We should not confuse two things—the scale of weapons production (where there will be plants for the series production of munitions) and the laboratory level, he explained, which can be considered normal scientific work.

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In particular, the academician noted, both last year and this year I have suggested that the Japanese Government set up an international commission, including the best chemical specialists, toxicologists, doctors, lawyers, journalists, and representatives of the public—anyone in Japan who considers it necessary—to make a serious examination of cases of the use of chemical agents against the civilian population. I suggested that the press publish the results of the analyses, the medical records, and the methodology used to carry out the research.... All this would help to establish the real cause of the tragedy and prevent any repetition of it.

There are special methods and procedures developed by the United Nations, Kuntsevich said—and I was one of the co-authors of the document—to elaborate all the causes of such incidents. But the Japanese leadership has not reacted at all to my proposal or to the proposals from scientists in other countries. This is what is most worrying. The lack of any official information about such a delicate matter as the tragic use of chemical weapons creates grounds for various kinds of political speculation and, above all, cannot provide a guarantee that there will be no repetition of this kind of disaster.

Consignment of MiG-29s Delivered to Malaysia

LD3003095495 Moscow ITAR-TASS World Service in Russian 0308 GMT 30 Mar 95

[By ITAR-TASS correspondent Stanislav Bychkov]

[FBIS Translated Text] Singapore, 30 Mar—Another two multipurpose MiG-29 fighter planes were delivered to Malaysia today. According to the Malaysian Defense Ministry, 12 more fighters will be delivered in April and May, and another two in June. The June consignment will be the last one under the agreement on the supply of planes which Russia signed in Kuala Lumpur last July.

The Moscow Aviation Production Amalgamation (MAPO) has pledged to deliver 18 MiG aircraft. Two of them, in need of assembly, arrived here a week ago. Their assembly is currently under way at the Malaysian Air Force base in Kuantan (the state of Pahang). About 40 MAPO engineers are taking part in this work.

According to Malaysian Defense Minister Najib Tun Razak, the first air squadron of MiG-29s will be commissioned in late April. It will be used for training purposes. Currently, 34 Malaysian pilots and technicians are being trained in practical skills in Russia. Four pilots are to return home soon. Altogether, there will be two squadrons which will become, in the words of the defense minister, "the core of the air defense."

Malaysia is the first country in Southeast Asia to have concluded a contract with Russia on purchasing war planes. Singapore, Thailand, and the Philippines are also showing interest in Russian weapons. The MiG-29 plane was the widely recognized "star" at an international defense fair in the Philippines last month.

India To Receive Ten Russian-Made MiG-29's

LD3003121595 Moscow ITAR-TASS in English 1103 GMT 30 Mar 95

[By ITAR-TASS correspondent Yuriy Kozmin]

[FBIS Transcribed Text] New Delhi March 30 TASS—The Indian air force will place in service ten Russian MiG-29 fighter planes in the second half of 1995, India's Minister of [State for] Defence Mallikarjun told India's mps today.

Mallikarjun said that the Indian Government had discussed this issue at its latest meeting. Under the agreement, India will purchase ten airplanes with the money provided by Moscow as part of a state loan.

The minister emphasised that the Russian MiG-29's would be held in reserve for use in case of emergency.

Russia and India have been cooperating in the military sphere for more than thirty years. Over this period, India has significantly renovated its air-force, land-force and naval military equipment.

Seventy percent of the airplanes, tanks, armoured vehicles, artillery guns, and anti-aircraft systems in service with the Indian armed forces were made in the former Soviet Union or in present-day Russia.

Russia also participated in the construction of dozens of big industrial facilities where brand-new makes of planes are assembled under Russian licences.

The latest deal for the supply of combat aircraft made in Russia marked a new step in the process of implementing a major Russian- Indian governmental programme of military and technical co-operation signed by Russia's Premier Viktor Chernomyrdin during his visit to India at the end of 1994.

Paper Views Outcome of Kozyrev Mideast Visit

MM0504103695 Moscow KRASNAYA ZVEZDA in Russian 5 Apr 95 p 3

[Article by Vadim Markushin: "Not All Hopeless in Near East"]

[FBIS Translated Text] Russian Foreign Minister Andrey Kozyrev, who has completed a six-day tour of Near East countries, described the situation on the Syrian-Israeli and Palestinian-Israeli tracks as "serious but not hopeless." These are regarded as the most intractable and difficult tracks in the Near East process, requiring, in the view of our leading diplomats, both active political dialogue and "trusting, quiet, classic diplomacy."

More active behavior by Moscow here seems to be in evidence. Kozyrev's Israeli counterpart, Shimon Peres, positively assessed Russia's readiness to help narrow the gap between the sides. He also stressed the importance of

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cooperation between Russia and the United States, which are the cochairmen of the Madrid peace conference on the Near East.

Meanwhile real progress in settling the main problems of the region remains slow. This applies equally to the extension of the Nuclear Nonproliferation Treaty, the building of more trusting relations between Damascus and Tel Aviv, Gaza administrative and economic development, and peacekeeping in Lebanon.

The securing of nonproliferation arrangements, for example, is being complicated by the fact that the sides are essentially blaming each other. Egypt is reluctant to sign before Israel. Whereas Israel, in Peres' words, will sign the document "as soon as peace is established in the region."

The development of bilateral ties is another most important task addressed in the course of our minister's visit. Here everything went successfully. Andrey Kozyrev regards the signing of four interstate agreements as "achieving the objectives that had been set." The question of abolishing visas for Russian and Israeli diplomats and the settlement of the problem of Russian property in Israel were resolved in particular. This refers to tsarist Russian property, which is to be re-registered as Russian.

Kozyrev Views on Nuclear Deal With Iran

LD0404194995 Moscow INTERFAX in English 1929 GMT 4 Apr 95

[By diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov and others]

[FBIS Transcribed Text] Moscow, April 4 (INTERFAX)—Russia's Foreign Minister Andrey Kozyrev has declared that Moscow "does not accept the language of pressure and whipping up hysteria over Russian-Iranian cooperation in nuclear power engineering."

At the same time, in an interview with journalists, on a plane on the way back to Moscow from the Middle East Monday [3 April] night he warned against Russia starting such projects "with the only goal of proving that it can do so and score on someone."

"Such projects should be implemented only when this meets Russian interests," Kozyrev stressed. Building on this idea, he wondered if "nuclear specialists while working together could come to transfer certain know-how, technologies even, maybe, being unaware of that? No one can rule out that part of this know-how could then be used for military purposes."

He explained that he does not mean necessarily Iran. "The entire region is very complex," he stressed.

Since "the problem concerns Russia rather than the U.S., it is in Russia's national interests to rule out such a leak of know-how and technology and to prevent anyone on Russia's southern borders or in CIS from getting hold of an atomic weapon."

"Russia is a great power, and even extremist elements in the Islamic world have to accept that, the minister noted. But if a Moslem nuclear weapon really appears tomorrow, we will have to give much thought to this then. All the more so, if we take into account the existence of supersonic aircraft that can reach Moscow, too."

Kozyrev reported that Russia's Foreign Ministry, based on additional instructions from the president, will insist on making all this work subject to interdepartmental expertise so that long-term Russian state interests rather than departmental or even commercial interests are made priority.

Moscow To Proceed With Nuclear Plant in Iran

MK0404144395 Moscow KOMMERSANT-DAILY in Russian 4 Apr 95 p 3

[Unattributed report under the "Journal" rubric: "Russia To Build Nuclear Power Plant in Iran"]

[FBIS Translated Text] Russia's stance with regard to the construction of a nuclear power plant in Bushehr remains unchanged, a high-ranking official of the Russian Atomic Energy Ministry said yesterday. In his words, the ministry is not going to cancel a contract with Iran, because its implementation "will in no way enable that country to accumulate weapons-grade nuclear materials." Light-water reactors of the VVER type to be built in Iran cannot be used to produce weapons-grade nuclear materials, the representative of the Atomic Energy Ministry emphasized.

U.S. Objections Rejected on Reactors to Iran

LD0404145395 Moscow ITAR-TASS World Service in Russian 1332 GMT 4 Apr 95

[By ITAR-TASS correspondent Anatoliy Yurkin]

[FBIS Translated Text] Moscow, 4 Apr—The Russian-Iranian contract on supplying atomic energy installations does not affect the security interests of third countries, Georgiy Kaurov, the head of a directorate of Russia's Atomic Energy Ministry, believes. He told the ITAR-TASS correspondent in an interview today that our country has concluded a commercial agreement with its southern neighbor in strict accordance with existing international standards. According to him, the fears expressed by U.S. Defense Secretary William Perry on 3 April, to the effect that Iran might obtain several hundred kilograms of plutonium each year with the help of the Russian reactors, are without foundation.

According to Kaurov, the signed contract stipulates that once the construction of the first reactor is complete, all waste from processed fuel will be collected by Russia to be subsequently reprocessed. Iran, he stressed, will only be asked to bury waste unsuitable for enrichment. This clause in the agreement, Georgiy Kaurov said, has

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somehow "escaped" the attention of American intelligence, which presented its leadership with information that the Iranians would be making nuclear weapons with the aid of Russian energy reactors.

When the contract was signed, Kaurov said, the fact was taken into account that a number of IAEA checks produced no evidence to support the belief that an Iranian nuclear program existed which aimed at violating the security principles of neighboring or distant countries. "The desire to wreck the contract can be explained quite simply: The threat to American firms is not the mythical Iranian atomic bomb but advanced Russian technology, capable of competing successfully on the world market. It is for this very reason that U.S. experts are giving the figure of $7-8 billion which Russia will eventually receive for supplies of energy equipment to Iran. The fight is over this money, and talk of the imaginary danger Russia is supposed to be initiating is a cover," the scientist stressed.

Deputy Foreign Minister Talks With Iraqi Official

LD0404200795 Moscow INTERFAX in English 1951 GMT 4 Apr 95

[FBIS Transcribed Text] Moscow, April 4 (INTERFAX)—Russia hopes for the head of the U.N. special commission for Iraq's disarmament, Rolf Ekeus, to give a "positive assessment of Baghdad's actions to implement the disarmament resolutions by the U.N. Security Council" in his report to the body on April 10, a high-ranking Russian diplomat told INTERFAX Tuesday [4 April].

The diplomat said it was the focus of a meeting between Russian First Deputy Foreign Minister Igor Ivanov and the head of the Iraqi Military and Industrial Commission, General 'Amr Rashid, and Russian-Iraqi consultations in the Russian Foreign Ministry Tuesday.

"The Iraqi side, according to General 'Amr Rashid, hoped for the U.N. security Council to adequately react to the conclusions by commission headed by Rolf Ekeus, who recently visited Baghdad. This is in keeping with Russia's position in many ways," he said.

According to the Russian diplomat, "the Moscow contacts showed that Iraq is serious about continuing constructive cooperation with the U.N. special commission." "This allows us to hope that item 22 of the U.N. Security Council's resolution 687 will be finally enacted to lift the ban on exports of Iraqi oil with the Security Council's consent," he added.

The diplomat emphasized that two of the U.N. Security Council's permanent members—Russia and France—supported lifting the oil embargo sooner. "This does not mean lifting the whole regime of international sanctions against Iraq. To do this, it is necessary to solve a number of other issues such as the fate of missing Kuwaiti citizens, the return of cultural valuables taken away from Kuwait, etc.," he noted.

The diplomat said Baghdad's recent convicting two U.S. citizens accused of trespassing border was outside the scope of the meeting between Ivanov and Rashid and the bilateral consultations.

"This does not mean that Russia is not approaching this very sensitive issue. To solve it, other channels, including confidential ones, are being used," he said.

Kozyrev: Russia Supports Palestinian Drive for Peace

LD0104183195 Moscow ITAR-TASS in English 1802 GMT 1 Apr 95

[By ITAR-TASS correspondents Dmitriy Gorokhov and Anatoliy Kerzhentsev]

[FBIS Transcribed Text] Tel Aviv April 1 TASS—Russia hails the Palestinian people's commitment to peace and will support it politically and economically, Russian Foreign Minister Andrey Kozyrev told Ahmed Freij, Palestinian mayor of Bethlehem, on Saturday [1 April].

Peace in the Middle East should be comprehensive and meet the interests of all nations of the region, Kozyrev said. He assured Freij that the Israeli leadership is also seeking peace with the Palestinians and remains committed to its obligations to grant them autonomy.

Freij reaffirmed the Palestinians' willingness to live in peace with the Jewish people and be their good neighbours. At the same time, he pointed out that the Palestinians are prevented from reaching this goal by Israel's attempts to preserve settlements on the occupied territories and fence itself off from the Palestinians, denying them the right to get a job in Israel and maintain family relations with Israeli Arabs.

The mayor welcomed long-standing ties between Russia and Palestine and expressed the confidence that they will grow stronger in the years to come.

Glazyev on 'Successful' Visit to Cuba

LD0104174695 Moscow ITAR-TASS World Service in Russian 0953 GMT 1 Apr 95

[By ITAR-TASS correspondent Konstantin Zhukovskiy]

[FBIS Translated Excerpt] Havana, 1 Apr—Sergey Glazyev, chairman of the Russian State Duma committee for economic policy, has said his visit to Cuba was "successful." During his visit the Cuban leader Fidel Castro twice meet the Russian parliamentarian. Glazyev also had meetings with the heads of a number of ministries.

Glazyev told the ITAR-TASS correspondent before departing from Havana by air that the Cuban side had "shown consideration for its debt to Russia, its interest

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in restoring economic links, and its great interest in our country." After his meetings with Castro it became apparent that the lack of understanding and the mass of misunderstandings of the last three years "was to a certain degree a historical accident since there is an immense wish to restore cooperation."

The main thing not fully understood in Russia is that Cuba has started to feel its economic independence. The shock caused in 1991 by the severing of its traditional economic ties has been overcome by Cuba. The year 1994 became the year of its real economic stability. [passage omitted]

If the understanding that we are now dealing with an independent partner does not prevail then we are running the risk of being completely pushed to the periphery of Cuba's foreign economic cooperation, Glazyev said.

Retaliation Warned Over Swedish Expulsion

LD0404201495 Moscow INTERFAX in English 1931 GMT 4 Apr 95

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov and others]

[FBIS Transcribed Text] Moscow, April 4 (INTERFAX)—The Russian Foreign Ministry is inquiring into the expulsion of a senior Russian trade mission official from Sweden, Foreign Ministry spokesman Nikita Matkovskiy said at a briefing in Moscow.

The Swedish authorities detained Mikhail Smirnov on spying charges on March 30 and expelled him on April 1.

"If necessary, the Russian Foreign Ministry will take adequate measures", Matkovskiy said.

E. Europe Urged to Accept Only U.S. Hardware

MM3103104095 Moscow ROSSIYSKAYA GAZETA in Russian 30 Mar 95 First Edition p 7

[Article by A. Kurganov: "You've Got a Phantom? Then Come On In! Without U.S. Military Equipment, Admission to NATO Is Barred"]

[FBIS Translated Excerpt] No sooner had President Bill Clinton signed a directive on the sale of weapons to 10 countries in the former socialist camp than those willing to buy it immediately declared themselves. Poland was the first country from the former Warsaw Pact to state (from the lips of its defense department spokesman) that it is prepared to acquire 12 F-16 fighters plus several trainer aircraft, as well as some armored wheeled "amphibians"and communications and troop command and control systems.

The directive is interesting in that it envisages, for the first time, the sale of offensive rather than defensive—as was the case in the past—military hardware.

When initially dissuading the former communist countries from hastily joining NATO Washington hinted that this would allegedly annoy Moscow. But, as it turned out, it had something completely different in mind: The former socialist countries should not join the North Atlantic alliance with empty hands, [U.S. Secretary of State] W. Christopher and other politicians have made it clear (read: they should join not with Soviet but preferably with U.S. weapons). You can understand this approach. The U.S. military-industrial complex, which is experiencing a sharp reduction in defense expenditure, is complaining, and this is dangerous for the administration: A significant proportion of the American electorate, whose votes are valuable to Bill Clinton, works at weapons factories. Hence his directive, which is designed not only to maintain but also to considerably support the military-industrial complex. [passage omitted]

Let us be straightforward: Russia is being deliberately and steadily squeezed out of the weapons markets. First of all it was driven out of distant places, and now it is being expelled from its former allies. Admittedly, voices of reason can be heard in Poland and a number of other countries, saying that replacing the armies' weapons will cost a pretty penny, so to speak, and that MiG's are no worse than Phantoms anyway, so is it worth spending the money? But these smart people are being cut short: You cannot go into a foreign (NATO) monastery with your own prayer book. Or with empty hands. And, unfortunately, people are listening to this. During [Russian Federation Premier] V. Chernomyrdin's recent visit to Warsaw the Russian side tried to submit for discussion an agreement on deliveries of weapons and spare parts, but, alas, unsuccessfully.

As if understanding the delicate nature of the situation, THE WASHINGTON POST advised Russia not to look askance at what is happening. No one is preventing Moscow competing with the Americans on the weapons markets, it pointed out.

Foreign Ministry Welcomes UN Decision on Ex-Yugoslavia

LD0404185395 Moscow INTERFAX in English 1849 GMT 4 Apr 95

[FBIS Transcribed Text] Moscow, April 4 (INTERFAX)—The Russian Foreign Ministry has welcomed the UN Security Council decision to conduct three separate peacekeeping operations in Croatia, Macedonia and Bosnia-Herzegovina but keep a common political and military command of the operations, a ministry spokesman Nikita Matkovskiy told a Tuesday [4 April] briefing in Moscow.

"The resolutions were worked out with Russia's active participation and to a considerable extent reflect its attitude to the current stage of the crisis in the former Yugoslavia", he said.

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"A new mandate for the operation in Croatia is an absolutely necessary but first step. All aspects of the new operation must be acceptable for both sides in the conflict," Matkovskiy said.

He urged the conflicting sides in Bosnia to firmly observe their agreement on a ceasefire, termination of hostilities and cooperation with UN peacekeepers.

The spokesman hoped that the UN force in Macedonia which performs a preventative function will continue to maintain peace and stability in the republic.

Latvian Official Meets Deputy Foreign Minister

LD0404215095 Riga Radio Riga Network in Latvian 2000 GMT 4 Apr 95

[FBIS Translated Excerpt] [Announcer] More about Moscow now. That was where Martins Virsis, parliamentary secretary at the Latvian Foreign Ministry, went on Tuesday. He met Russian Deputy Foreign Minister Sergey Krylov. They discussed the mounting problem of Kurdish refugees. Also taking part in the talkS were Janis Peters, Latvian ambassador to Russia, and Aleksandr Udaltsov, the executive director of the Second European Department at the Russian Foreign Ministry, reports Ritums Rozenbergs:

[Rozenbergs] The question of the Kurdish refugees, Udaltsov pointed out, is soluble, but it is to take place at one table, at which experts from both countries must sit, and they must examine each refugee's individual case, their documents, where they came from, and the motives for their escape. [passage omitted]

Article Views 'Ukrainianization' of Crimea

MM0404150695 Moscow PRAVDA in Russian 4 Apr 95 pp 1-2

[Article by Tatyana Romanenkova and Aleksey Vorobyev: "Crimea: Wind from Kiev Stronger Than Wind from Moscow. Secret Mainsprings of the Crisis"]

[FBIS Translated Text] The history of the power crisis in Crimea is extremely instructive.

Over the last few months the activity of official Kiev has been aimed at breaking down Crimean institutions of power and suppressing pro-Russian groupings within them. This has been done almost openly, blatantly, without particular heed for Moscow. You need only recall how Ukrainian President Leonid Kuchma last fall personally prompted Crimean President Yuriy Meshkov, elected to represent the "Russia" bloc, to dissolve the pro-Russian Crimean parliament and then immediately disavowed his junior colleague's actions. A classic example of provocation. As a result Meshkov, who was trying to make overtures to Kiev and had permitted the Ukrainianization of Crimea's power structures, lost the support of the Russia-oriented Supreme Council. The conflict between the Crimean Supreme Council and president did not end in the latter's favor, which brought about the resignation of the government of Yevgeniy Saburov, who had acted as a link between Simferopol and Moscow.

The new Crimean prime minister, Anatoliy Franchuk, a relative of the Ukrainian president who is clearly oriented to Kiev, set about consolidating the Ukrainian lobby in Crimea's executive structures. And he was successful. Influential commercial structures, which had ceased to see Meshkov as a real force and had lost faith in his ability to influence the economic situation, turned their back on the president shortly after Franchuk's appointment. This February, for instance, in defiance of the president's opinion, the Crimean Government dramatically increased the rent of land occupied by sanatoriums, rest homes, and troop units of the Russian Federation. In accordance with this government decree the rent on the Black Sea Fleet rest home alone will run to around $2 million a year! Thus Franchuk was hounding out undesirables from Crimea territory.

On the eve of the upcoming privatization in Crimea another confrontation was provoked within the parliament, resulting in the resignation of the presidium and an attempt to vote out Supreme Council Chairman Sergey Tsekhov. However, when that failed and there was another rapprochement between President Yuriy Meshkov and Supreme Council Chairman Sergey Tsekhov, the authorities in Kiev conceived the idea of resolving the problem by surgical means.

Following President Leonid Kuchma's appeal for steps to be taken against Russian separatism, the Ukrainian Supreme Council voted to abolish the Crimean Republic Constitution and eliminate the presidency.

Thus Russia's support within Crimea's power structures was consistently and methodically knocked out in front of the whole world. Moscow saw all this and kept quiet. Why?

The next aspect of the problem is Russia's military presence in Crimea.. The Ukrainian Supreme Council adopted a decree instructing that a draft agreement be formulated by 10 April (unilaterally) between Ukraine and Russia regarding the legal status of the Black Sea Fleet's presence on Ukrainian territory along with its servicemen and members of their families who possess Russian citizenship, and also the amount of compensation for all this to be paid into the Ukrainian state budget.

Needless to say, this ostentatious action came as no surprise to the Russian side. Just as no one in Kiev is surprised that Russia has its own strategic interests in the Black Sea and the Mediterranean, whence it can extend its influence over the Near East by means of this very same fleet. The division of the fleet will deal a palpable, if not fatal, blow to these interests. There has already been a marked increase in Turkey's influence in the Black Sea, and U.S. warships are already throwing their weight around all over the Mediterranean and off the

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coast of the Near East states. That is, it is primarily the Americans and the NATO bloc who stand to gain as a result of the division of the Black Sea Fleet. Ukraine, which is perfectly aware of this, must know how well-informed Russian military specialists are about this.

"Nowadays we carry out practically no combat training in the Atlantic and the Mediterranean," Vladimir Bogdashin, commander of the ASW cruiser Moskva, said. "We have lost a great deal of the experience that was previously acquired in order to implement military doctrine. If we surrender a little every day, we will be unable to perform global tasks in the future."

Thus Russia is being driven out of vitally important, traditional regions where it has maintained a military presence and strategic influence, and it is once again submissively keeping quiet. And once again one wonders—why?

Russia's behavior in the Crimean crisis seems even more inappropriate in the light of Russian-Ukrainian economic relations. Today Ukraine owes Russia at least $2.5 billion (experts sometimes cite even larger sums). According to the norms of relations between civilized states, a debtor should behave at the very least in a proper and extremely courteous way in relations with a creditor, especially if he intends to ask for the rescheduling of the payments. But here we are seeing the reverse: The debtor is blatantly "attacking" the creditor and...obtaining inconceivable concessions when it comes to repaying the money. Inconceivable if only because Russia today, by virtue of its short-sighted "reform" policy, is asking for pitiful credits from the IMF. In that disastrous position you need to have extremely weighty reasons to remit someone's debts. However, instead of these reasons, what we are seeing over and over again is overt anti-Russian moves on Kiev's part.

For instance, what about Russia's pledge to pay Ukraine for removing nuclear warheads from its territory. Military experts believe that this is a totally unwarranted waste of money. After all, in a few years Ukraine would itself have been forced to pay Russia to remove and then dismantle these warheads because their service life is coming to an end and Ukraine does not have the bases or the technologies to reprocess them. Are people in the Kremlin really unable to work out and assess the situation two moves ahead? That is hard to believe. Then why are they tolerating their debtor's boundless disregard for their interests. why are they allowing money that the country needs so badly now to be squandered?

Some commentaries note that Russia is doing this and also rescheduling Ukraine's payment of $1.5 billion to Russia's "Gazprom" Joint-Stock Company over 13 years under pressure from international financial organizations. It is being said that this is what the IMF demanded and we agreed. But is what Russia is losing by giving up the Crimea and destroying the Black Sea Fleet worth the $6 billion in loans that we have been promised? Has anyone compared the expenditure and revenue?

But even if you think that Russia's leaders were forced to make concessions to the IMF, this might only have applied to the problem of debt payment. It is not appropriate for the IMF to interfere in the division of the fleet or the political wrangling between Kiev and Simferopol—Russia has not yet been reduced to the position of a "banana republic" to which any billionaire can dictate his will.

It would be far more logical to assume that the ostentatious neutrality of the Russian president and government in the situation regarding Crimea is dictated by other interests.

Mr. Franchuk has long had close links with the Russian fuel and energy complex. A few days ago it became known that the "Chernomorneftegaz" Crimean enterprise and Britain's J.P. Kenny had signed a protocol regarding the creation in northwestern Crimea of a refinery for natural gas, stocks of which have been discovered in this region. According to BIRZHEVYYE VEDOMOSTI, Russia, Ukraine, and Crimea are still disputing one another's property and other rights to "Chernomorneftegaz." The signing of the agreement creates new scope to implement the interests of the fuel and energy complex lobby, and there is no reason for Messrs. Franchuk and Chernomyrdin to fall out over it.

Corporate interests are being given priority over state interests—is that not the reason for Russian leaders' excessively obliging attitude in relations with Ukraine? A comparison of the dates is significant: The gas agreement was signed 16 March and the ill-starred Ukrainian Supreme Council decree on Crimea was signed 17 March.

And another question: Why were people in Kiev so delighted when Soskovets was appointed to lead the Russian delegation to the talks? Even the Ukrainian Foreign Ministry spoke of some kind of diplomatic victory. Does the fact that during Soskovets' visit to Kiev an agreement on the creation of the "Transnational Aluminum Corporation" Financial and Industrial Group was to have been signed not shed light on this situation? Mr. Soskovets' personal interest in the success of the Russian and Kazakhstani aluminum industry is well-known. If you take into consideration the fact that in addition to the above document Kiev thwarted the signing of the Declaration on the Principles for the Division of the Black Sea Fleet and the protocol on the list of installations to be divided up one can hypothesize regarding the close "package" connection between the aluminum industry's prospects and the fate of the Black Sea Fleet.

Personal and corporate interests are one thing, state interests are something else again. This kind of thing has happened on several occasions in recent years.

And another point. Some analysts are inclined to attribute Moscow's position to the fact that Russia has

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undermined its image in the eyes of the world community by the bloody military operations in Chechnya and does not now have the moral right to reproach Ukraine over Crimea. By keeping quiet about this Russia's leaders are, as it were, showing their agreement. People say that Chechnya has tied their hands. However, that argument does not hold water. Primarily because Russia's concessions on Crimea began by no means in December 1994 but far earlier. And when was it permissible to disregard the state's strategic interests in order to win the sympathies of certain noisy "rights defenders"?

The Chechen factor is patently farfetched, the situation in the Crimea is quite different. Yuriy Meshkov is a president legally elected by the people, a president for whom around 70 percent of Crimea's population voted. What is more, unlike Dudayev, he did not organize criminal anarchy in the republic, he did not sell arms, and he did not release criminals from jail. Meshkov has not given cause for the harsh actions taken against him.

If Chechnya does come to mind regard to Crimea, it is only in one respect. Throughout this three-year period the Russian authorities tolerated Dudayev's provocative actions to the detriment of their own interests. Today it is now clear that a number of politicians by no means did this for selfless reasons. Just as for three years Kremlin officials tolerated the fueling of anti-Russian passions in Crimea. Will this "tolerance" and "submissiveness" have similar consequences? And might someone not at the same time be tempted to break off another strategic piece of Russia?

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Political Issues

Foreign Ministry: Shumeyko Remarks on START-2 'Private'

LD0404191395 Moscow INTERFAX in English 1751 GMT 4 Apr 95

[FBIS Transcribed Text] Moscow, April 4 (INTERFAX)—The Russian Foreign Ministry regards the Russian parliamentary speaker Vladimir Shumeyko's statement concerning the START-2 treaty as his private opinion. Shumeyko linked the ratification of START-2 by the Russian Parliament with the development of relations between Russia and NATO.

Russian Foreign Ministry official Nikita Matkovskiy said at a briefing in Moscow that the ratification of START-2 and the preservation of the ABM treaty were central to the Russian-American dialogue.

"At a time when some irresponsible figures in the United States are calling for the development of space-borne attack weapons, obstacles in the way of the ratification of START-2 or preserving the ABM treaty may only disrupt nuclear disarmament and destabilize the world situation", Matkovskiy said.

Filatov Denies Yeltsin Planning To Postpone Elections

MK0504100795 Moscow KURANTY in Russian 5 Apr 95 p 1

[Interview with Sergey Filatov, presidential chief of staff, by Lidiya Lukyanova: "Sergey Filatov: 'This Was a Move Against the President'"—place and date not given]

[FBIS Translated Text] "It was an attack against the president." This was the Russian presidential chief of staff's comment on Aleksandr Rutskoy's statement alleging that a referendum on extending the president's term of office is being secretly prepared.

"Who in his right mind could have come up with this idea?" said Filatov. "The president cannot revise the program, which was presented in his address to parliament, in two months. It seems to me that it would be wrong to regard the elections from the point of view of the situation that is emerging in the country. It is also wrong to change the rules of the game—elections—every year, if we want to build a law-governed state.

"I believe that the draft election law can be approved and signed. And another thing: It is time we move from rally-like discussions of ways for Russia's development to a normal multiparty system. Today the state no longer engages in ideology and therefore this should be ceded to parties, and they, in preparing for elections, should unite those social strata which share their positions. Otherwise the election campaign will be run by a party of force [silovaya partiya] or a power party [partiya vlasti], as it is called. And the deputies will then have no coherent concept, which is precisely what we are seeing now."

[Lukyanova] Sergey Aleksandrovich, does it not seem to you that irresponsible "hoaxes," which the president's opponents have put out more than once, should be instantly disavowed? Silence in this situation does not benefit the ruling authority.

[Filatov] It would be a good idea not to puff up slander in the press. We have no law yet forbidding such irresponsible statements. People should be taught not to believe the absurd. I state this with a full sense of responsibility that the presidential staff is not doing anything else but preparing for presidential elections.

Pay Raise Ordered for Government Employees

MM0404110595 Moscow ROSSIYSKAYA GAZETA in Russian 4 Apr 95 First Edition p 1

[Russian Presidential Edict No. 318 signed by President Yeltsin in Moscow 31 March 1995: "On Salaries in the State Organs of Power"]

[FBIS Translated Text] To observe ratios in the salaries of budget-financed workers, I resolve:

1. That as of 1 April 1995 salaries paid in the federal organs of power and their apparatus will be increased by a factor of 1.3 compared with the figure for 1 July 1994.

The increase in salaries is to be effected within the limits of the funds provided by the 1995 federal budget.

2. The increase in salaries in the organs of state power and their apparatuses financed from the budgets of the components of the Russian Federation is to be effected independently by the components of the Russian Federation with regard to paragraph one of this edict by means of their own revenue from the corresponding budget.

[Signed] B. Yeltsin, president of the Russian Federation.
The Kremlin, Moscow.
31 March 1995.
Edict no. 318.

Luzhkov Heals Rift With Kremlin, Says He Will Not Resign

MK0504094995 Moscow SEGODNYA in Russian 5 Apr 95 p 1

[Report by Andrey Maryanin in the "Power" column: "A Compromise Between the Kremlin and City Hall. Yuriy Luzhkov's Resignation Will Probably Have To Be Forgotten"]

[FBIS Translated Text] The sharp conflict which arose between the Kremlin and Moscow City Hall after the assassination of Vladislav Listyev is apparently ending, if not in peace, then at least in a truce. Tuesday [4 April] capital Mayor Yuriy Luzhkov stated that the clash of interests, which developed following the resignation of city prosecutor Gennadiy Ponomarev, is over now. The

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head of the Moscow administration said on this count that the installation in office of a new prosecutor. Sergey Gerasimov, means that a "reasonable compromise" has been reached.

As is known, Ponomarev was dismissed after Russian Federation President Yeltsin in a funeral speech after the journalist's death in effect accused the ex-prosecutor, as well as Moscow city police chief General Pankratov, of being unable to control the situation in the city, and issued orders that they be dismissed from their posts. The mayor for his part said that the federal authorities were illegally intervening in his jurisdiction and warned about his possible resignation. Observers note that the departure of "Luzhkov's" men from their positions as chiefs of the capital's power structure has seriously weakened the positions of the mayor and his team.

Now a shaky stability is apparently being restored. If the question about the new chief of the Main Internal Affairs Directorate is resolved in the same key, then, according to Luzhkov, he will no longer resign.

On the same day, the mayor addressed an all-Russian conference, "Financial and Economic Foundations of City Functioning," with delegations from 62 regions of Russia in attendance. He presented a new scheme for interaction between the state and the individual whereby the state should act as a partner, providing certain services, primarily in the sphere of education, public health, and protecting citizens' rights. Luzhkov believes that "the state has misused its capabilities, weakening its function of punishment while crime is running high."

Speaking about the reasons of budgetary expenditure cuts, the mayor said that the privatization program "has been based on state principles of transferring property to parasitic capital." In his opinion, this capital "has acquired, or rather bought, political influence" in the country and is now torpedoing tax reforms aimed at stimulating production.

The mayor believes that herein lies one of the reasons for the impoverishment of the Russian people "at a faster pace than was promised." In accordance with figures he cited, in 1994 prices in Moscow grew on average 3.9 times while incomes by only 2.9 times. However, the production decline in Moscow has not been so large, with growth observed in some sectors. In the mayor's opinion, it is necessary to study this problem, establish who has pocketed the difference, and "take measures."

The mayor believes that at present Russian citizens are still dependent, like in a totalitarian state, on good or bad work by bureaucrats, who most of the time bear no responsibility for their mistakes.

Minister Yegorov on Nationalities Issues

MM3003150895 Moscow ROSSIYSKAYA GAZETA in Russian 29 Mar 95 First Edition pp 1-2

[Interview with Nikolay Yegorov, deputy chairman of the Russian Government and minister for nationalities affairs and regional policy, by Sergey Karkhanin; place and date not given: "Nikolay Yegorov: We Have No Other Country"—first paragraph is introduction]

[FBIS Translated Text] Yegorov, deputy chairman of the Russian Government and minister for nationalities affairs and regional policy, himself said that in hospital he had time to ponder not only operational and strategic questions pertaining to his work but also problems of a more general nature which are now worrying virtually every honest Russian politician. That was why our dialogue proved unlike the traditional interviews with ministers: Nikolay Yegorov's reflections concern the fate of Russia and the highly painful ideological and national problems that our Fatherland now has to overcome.

[Karkhanin] We are simultaneously coming to the end of a century and the beginning of a new millennium. Evidently, some discrepancy is inevitable in the public and individual understanding of the simultaneous processes of death and rebirth. Are you conscious of this, Nikolay Dmitriyevich, as an individual and as a politician?

[Yegorov] There are at the very least painful sociopolitical, economic, and historical-philosophical contradictions which largely determine the moral and spiritual drama facing a considerable proportion of society, not just because some strata of the population have been unable to find themselves amid the anxiety of what we are accustomed to call reform.

Today we are encountering a special phenomenon—the erosion of the concept of our country both as a factor in the world and as an integral, fundamentally-unchanged state formation.

[Karkhanin] In your view, what does this represent: the natural course of history or the result of mistakes?

[(Yegorov] This is a drama. And it is becoming more acute and evident for various reasons. Notably because the world has a generation which is growing up in a moral and ideological vacuum. I am naturally referring not to the lack of the notorious "isms" but to a truly essential state doctrine.

[Karkhanin] On the other hand there are 38 million pensioners alone...with a conservative ideology. Is there a conflict between "grandsons and grandfathers"? Might that also constitute an element in the social drama?

[Yegorov] Undoubtedly. But I would avoid the term "conservatism"....

For decades their life was indeed forced into the Procrustean bed of sociopolitical restrictions. But they undoubtedly had a rich inner life regardless of their system of values. Thus their life enabled the older generation to accumulate some highly potent ideological potential, which remained untapped during the coming historical collapse. I do not have to tell you what dangers

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this kind of conflict may pose, we are after all talking about approximately a third of the Russian people.

[Karkhanin] But are another third of Russia's citizens, those who work and create the country's material and spiritual wealth, also now at an acute social turning point?

[Yegorov] Regrettably. And if you add to that in a number of cases the intensive tendencies for separatism, regional isolationism, religious intolerance, nationalism; the spread of crime within society; and the structural crisis within state institutions, it becomes obvious how great a danger there is of the degeneration of integrated state policy.

It may be that we are only protected from the acceleration of this process by a genetic, national desire for unity and what is undoubtedly the unifying will of the Russian president, who has been able to rise above the political strife and wrangling and has not allowed himself to be embroiled in intraparty intrigue.

But all that we are protected from is the acceleration of this process. We have not formulated an effective system capable of neutralizing the whole series of negative political and ideological tendencies.

[Karkhanin] We have not formulated or rather have not tried to formulate? After all the incumbent Russian leadership totally concentrated power in its hands back in 1991. That is long enough to formulate some kind of state ideology, isn't it?

[Yegorov] Ideology does not constitute the sum total of political ideas but a highly subtle synthesis of the global idea and the great plurality of interests—from the loftiest to the most prosaic and mundane. And a period of five or six years is extremely negligible here. Especially since the quest for what you call ideology has been under way and is continuing against a backdrop of permanent political and economic change. Logically speaking more mistakes than discoveries have been made. Nevertheless it has proved possible to cast aside bankrupt structures and start to build the state edifice on the fundamental buttresses of the Constitution and the Federation Treaty. Plus the Treaty on Social Accord.

Let me add that on government instructions our ministry is now formulating a draft Russian national doctrine, which will contain the answers to many strategic questions of ideology currently worrying Russian citizens.

[Karkhanin] But life has shown that a "political tsunami" exists which is not dependent on the Constitution or any treaties. I am referring to the Chechen crisis.

[Yegorov] It was spawned during an amorphous period when relations between Russian Federation components were structured in accordance with unionwide political conditions.

[Karkhanin] When the USSR was reminiscent of Atlantis disappearing into the deep....

[Yegorov] A mundane but nonetheless interesting image. It generates certain associations. Everyone remembers the myth of the island state which plunged into the ocean. A whole people died along with a relatively autonomous, quite developed, powerful civilization. However it took a long time to perish if you take into account the number of people of Atlantis who managed to save themselves and reach other shores.

A somewhat similar process is occurring in front of us. An island state, a powerful but, as it turned out, vulnerable civilization—the USSR—is plunging into the turbulent waters of change. A civilization founded on the national acquisitions of Russia and its peoples, which were accumulated over many centuries.

[Karkhanin] Plunging? Or has it already plunged?

[Yegorov] As long as the last repository of its culture is alive—and that means you and I—it will keep atop the "waters of History." But something else is more important.... The emotional perception of this process is unequivocal, to wit acute regret verging on physical pain. Since all of us are the progeny of this artificial civilization and will for a long time be tormented by phantom pains in the severed flesh of what was yesterday a single state.

But the following question arises increasingly starkly and rationally: Will the waters of History not engulf Russia along with the USSR?

Every day professionals receive signals regarding the dangers and threats to Russia, which often bear signs of irreversibility. Among them the demographic crisis—the death rate exceeds the birth rate in our country—the "velvet annexation" of the Far Eastern territories; and the creation of a buffer zone around Russia comprising the former republics of the USSR and the "people's democracies," which has considerably retarded political trading dialogue with the West.... Add to that the loss of ports and transport links and the fact that the country has been driven out of world arms markets. And the formation in adjacent territories of political blocs with the fairly firm policy of weakening Russian statehood.

Reality is indeed fairly ruthless and tough. After all today more than ever the slightest loss of political influence in the world, one's niche in the world economy or on the world market is tantamount to losing a war.

The step-by-step procedure for the peaceful division of the world, which was incidentally organized with the USSR's participation by the great powers after World War II, initially entailed unconditional aggression toward Russia. Since it subsumed it and the interests of its peoples in a denationalized component of world partnership, in the huge socialist camp, which gave rise to an uncommon and unique historical phenomenon. This was when the unifying principle, the "political mother country"—Russia!—steadily became a gigantic

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internal colony from which the natural, economic, intellectual, and manpower resources were extracted to serve ideological and political ambition.

I believe that extreme nationalism in virtually all the national- territorial formations of the former USSR and present-day Russia was first provoked precisely during this initial period of the present- day division. Because the interests of the nation, the people—even the smallest—could not be supplanted by the interests of the impersonal, territorially-focused biomass! That could entail a terrible reaction.

[Karkhanin] You get the impression that nowadays we are responding to mistakes made by our predecessors. Can we neutralize these responses at all, move on, and first and foremost not become some kind of raw material appendage for the rest of the world?

[Yegorov] Yes, we can. But in order for that to happen it is necessary to comprehend the full complexity of the problems facing Russia today. And not just comprehend it but display political will. Otherwise amid the heated polemics over Russia's future we will first stir up Russia and then miss our opportunity.

[Karkhanin] Let us return to the Chechen crisis since that is precisely what is particularly worrying Russian citizens. Does a fairly clear strategy exist today for resolving it, a concrete plan of action?

[Yegorov] Naturally, all plans are modified by reality. The first steps were unequivocally political in nature. Dudayev was constantly invited by Moscow and other regions to take part in dialogue. But he rejected the very possibility of conducting this dialogue in the legal context of Russian law. At the same time he systematically carried out a policy of alienating the republic from Russia and ousting Russians from the region, and incited separatist sentiments among his neighbors.

The future is another matter. I am convinced that in any case it can only be considered without reference to Dudayev's ambitions and only within the sphere of Russian law.

As for specifics, this primarily entails the unconditional implementation of the president's edicts and the government's decrees. A Committee for National Accord is in place. A transitional government is in place. They are the recipients of our aid and support. Naturally, I am in favor of continual dialogue with any public forces that want to broaden the peace zone.

But this process cannot be watered down, we cannot come under the thumb of minor political schemers foisting various splendid negotiations on us. In effect, people who are trying to derive political capital from their own people's troubles and tragedy.... The main thing is to organize democratic elections.... Primarily at local level.

Naturally, it is necessary to use the broadest sociopolitical instruments to secure these objectives—from paying pensions to creating basic living conditions, from holding wide-ranging conferences to setting up dozens of negotiating groups on an everyday level.

As for specific military operations, that is up to the professionals. I will only say that it is extremely important to get Dudayev's men out of the plains and into the mountains. Cut off from society and sustenance the gangs will grow weaker more rapidly than the people prophesying a "guerrilla war" think.

[Karkhanin] Nikolay Dmitriyevich, it seems as though it is only the press that is counting the federal center's mistakes in the Chechen drama. What about the government? Is it counting up its mistakes in Chechnya?

[Yegorov] There have undoubtedly been mistakes on both the tactical and the strategic fronts. I do not consider it right to sum up the results today. But I can speak with certainty about one mistake.

I am referring to the meager information support. Both during the war period and the previous three years. We have already spent billions at Defense Ministry and MVD [Ministry of Internal Affairs] level, plus the considerable sums of money spent by the Ministry for Emergency Situations and the Migration Service.... But we have economized on information.... Unlike Dudayev, incidentally.

Complete amateurism has been manifest. Attempts to organize information groups of officials were doomed to failure from the outset. But common sense and press experience of working in emergency conditions have long since shown the need for an information support team of professional newspaper, television, and radio journalists. And it is essential not to stint but conclude full-scale contracts with them for the duration of particular conflicts. Naturally it is not a question of buying professionals but of enlisting people who do not work for money but who are agonizing over Russia, who support the ideology of strengthening the state system and the country's democratic renewal on the basis of its unconditional integrity.... People who simply love their Fatherland and take pride in it.

We must create a normal all-Chechnya newspaper, revive publishing structures, etc. It is not for nothing that "in the beginning was the word."

[Karkhanin] While working in Krasnodar you showed that you are able to avert and settle interethnic conflicts by untraditional means. It was you who proposed to resolve the problem of the surrender of arms in Chechnya by means of a redemption fee.... Do you have any novel options in reserve today?

[Yegorov] I do. I have received hundreds of people at the field hospital and they all—they be Russian or Chechen—brought me their proposals.

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For instance, for a certain period we can take the "soft" option of registering existing firearms.... Many people believe not unfoundedly that this is a guarantee against possible acts of vengeance. And we will buy the weapons. But there are a number of truly unusual ideas that I want to give a dry run at local level, notably among Dudayev's men. And it is as yet too early to talk about this.

[Karkhanin] But is there a priority here?

[Yegorov] Absolutely. The first and most important thing is elections. And elections to local self-government! The sooner elections take place, the sooner everyone will realize that Dudayev is slowly but surely becoming a second-rate field commander.

[Karkhanin] Are you sure that the Chechen people will elect new political leaders?

[Yegorov] I am sure that they will elect leaders who guarantee peace....

[Karkhanin] There is no end to the attempts to embroil neighboring regions—Ingushetia, Dagestan—in Chechen affairs.... Who stands to benefit from this? Dudayev? Fundamentalists?

[Yegorov] Dudayev's "demonism" is a piece of fiction. He has not saved his people from deprivation, from losses... He has given rise to a criminal regime and poverty among the elderly whose pensions have not been paid; he has prompted genocide against the Russians and representatives of other nationalities.

No, Dudayev is not the one who stands to gain most from conflagration in the North Caucasus. The region's criminal- political elite, who want power, have an interest in this. People in Moscow who are simply profiting from the war and who have already earned fantastic capital from innocent people's troubles, blood, and tears are equally interested in the Caucasian conflagration.

[Karkhanin] Do you have more specific information?

[Yegorov] Yes and others do too.

[Karkhanin] Are you sure that will be made public?

[Yegorov] Undoubtedly, this year.

[Karkhanin] How do you view the fact that representatives of law-enforcement organs in Central Russia are making increasingly frequent and tough attempts to control the movement of "Caucasian nationals."

[Yegorov] That is not the case. This story is being exaggerated for a far-reaching purpose.

[Karkhanin] Why?

[Yegorov] In order to set up the federal leadership. It is being said that this is its initiative. I think that any legal methods are permissible as part of the fight against crime. And detention for the purposes of inspection is one of them. However, let me point out that Russians are being detained more often and in larger numbers than Caucasians. But some people think it extremely important to exacerbate this question.... And set the citizens of one country against one another.

[Karkhanin] The problems of the North Caucasus undoubtedly also mean the problems of the Cossacks. It was probably no coincidence that Boris Yeltsin asked you to head the Council for Cossack Affairs....

[Yegorov] The problems of Cossack revival should not be associated with the North Caucasus alone. The program which we have formulated also encompasses Siberia and the Far East and Western regions since the Cossacks have always been the most mobile section of the all-Russian state. And this has been particularly manifest at difficult times for Russia. Today the situation is such that the country needs to enlist the Cossacks for state service. And I see the main task as being to accelerate this process. And the choice is.... I do not believe the people who have gotten involved in resolving Cossack problems and declare themselves to be descended from a long line of Cossacks, those who are starting to seek cheap popularity and votes among the Cossacks and to associate with them in the premier's and president's anterooms..... I am the official who is obliged to synthesize the Cossack's need to serve the Fatherland with the state's need for obedience.

This is no mere talk. Cossacks are already serving in the border guards for instance and a number of villages have been assigned to specific border posts; there are at least a dozen of them.

It is in this context that we are preparing to hold an all-Russia unifying Cossack assembly. But its "unifying nature" should not be just for show or pro forma. First, what should be the focus of unification? It is initially necessary to create definite legal regulations—a State Register ratified by the president. It is not enough to don the Caucasian fur cap or take up the whip.... it is necessary to clearly regulate reciprocal rights and duties between the state and the Cossacks. We have after all regrettably already clashed with criminals wearing wide Cossack pants, separatists who camouflage their schemes behind Cossack oaths.

Incidentally, we have already formulated the main documents and sent them to the government and the presidential staff.... I think that they will be ratified during this half-year. We can no longer keep the Cossack who wants to serve the Motherland "on the short leash" of illusions and promises....

[Karkhanin] Our editorial office is increasingly receiving letters from Yakutia, Tyva, Karachayev-Cherkessia, and of late from Bashkortostan and Tatarstan. People are concerned that it is just representatives of the eponymous nation that are becoming leaders of rayon organs of power, including law-enforcement bodies. While ethnic Russians—who do albeit form the majority—are being sidelined.... Can you trace this process within your

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ministry? Is any intervention possible here bearing in mind that priority is often given to local legislation in a number of the former autonomous formations to the detriment of federal legislation. Will we not have displaced persons appearing amongst us from these parts of Russia? After all, Dudayev used roughly the same method to quietly oust around 200,000 ethnic Russians from Chechnya along with members of other ethnic groups. And they had begun to wander around Russia without a home even before the current tragic events. However, people bashfully failed to take any notice of them....

[Yegorov] This is a tricky question. A difficult business. Let me say from experience that often it is not only Russians who are oppressed but educated people as a whole, people capable of putting up albeit some resistance to the local "authorities," who conceal their quite material- and power-oriented aspirations behind nationalist blather. They are preventing the elite from enjoying power. Did you notice the election results in Tatarstan? Neither the nationalists nor the ultra left-wingers got through.... Pragmatists came to power at city and rayon level. And that is normal, that is due to the fairly high level of culture, production, and scientific support.... Pragmatists kind of averaged out, mitigated all the "ultras."

In other regions, rayons with a low level of social development, the picture is reversed. But the trouble is that the national provocateurs today have levers for real influence in these regions - - criminal money, a staff of loyal militiamen.

This can and must be resisted. We have introduced a fairly integrated system of analysis and forecasting in our country and we organize our everyday routine work with Federation components based on concrete results. A concrete schedule of consultations is being carried out at the highest level.

But it is necessary to soberly assess all the circumstances. It is no secret that these processes are being stimulated from outside. For instance, one small republic is methodically issuing Russian passports to citizens of another state. And hundreds of quite prosperous families have already arrived in our country, bypassing all the federal barriers. While the leader of a young republic, for instance, is putting the idea of exchanging territories into practice: We will give you one rayon, he says, and you give us another. Naturally there is a hullabaloo over this and recriminations are being directed at Moscow and Russians. And there is also provocative tittle-tattle: All Cossacks are supposedly being deported from Moscow....

In another republic a local president ignores the federal president and two internal affairs ministers turn up there! All this is for some reason being presented as "pressure from Moscow."

And here is another element. I think that we have had enough of writing letters to a newspaper. Even a government newspaper. Everyone should use their political rights—whether they be Russian or Tatar, a Tyvinian, or an Osset. It is necessary to take part in elections and defend—in court, if necessary—one's flouted national dignity. It is necessary to work rather than justify one's political sloth by pointing to someone else's nationalist machinations.

[Karkhanin] National provocateurs are a sign of the times. They are destroying the state system, setting peoples against one another, and fighting for power. Can a legitimate system be created to neutralize them?

[Yegorov] Incidentally, paradoxically enough, national-provocation is an extranational phenomenon. And the methods for neutralizing it should reside less within the political framework than within the framework of the law, the economy, the structure of government and, primarily, within the system of self-government.

[Karkhanin] Incidentally, it was your ministry that prepared a draft law on local self-government, later described as a presidential law. However the State Duma recently used a different draft as the base for the future law—the one produced by deputies. Why do you think this happened?

[Yegorov] It has not yet happened—it is still a question of the first reading. Second, we do not lay claim to ultimate truth. In any case it is inevitable that our work and that of the Duma will be synthesized. And questions of priority are the last thing on our minds. After all a general concept does not change, does it? By and large I see no problem here.

[Karkhanin] How do you regard Aleksandr Solzhenitsyn's idea of reviving Russia's system of guberniyas [governorates]?

[Yegorov] I personally only consider this to contain one positive idea—equality for the regions. Both political and economic equality.

[Karkhanin] Today we have discussed a host of problems and dangers facing Russia as a multiethnic state. Do you believe it has a future?

[Yegorov] You know, any other country would have already been destroyed by even a small part of these problems. Russia is the country of the future.

Minister Yegorov Interviewed on Chechnya

MM0304135795 Moscow ROSSIYSKIYE VESTI in Russian 30 Mar 95 pp 1, 2

[Interview with Nikolay Yegorov, Russian vice premier and minister for nationalities affairs and regional policy, by Vyacheslav Terekhov; place, date not given: "Nikolay Yegorov: Do Not Portray Me As a Hawk"—first three paragraphs are editorial introduction]

[FBIS Translated Text] Nikolay Yegorov became known to the general public overnight when the Chechen war began. His political rise was meteoric and took many

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people by surprise: Within a few weeks the head of the Krasnodar Kray Administration had become a minister, the president's representative in the North Caucasus, and finally a vice premier.

His name began to appear in the press equally suddenly, accompanied by epithets which were less than flattering. Yegorov was listed among the most ferocious supporters of a strong-arm solution to the Chechen conflict and among those people in power who harbor plans to ultimately curb the undisciplined press.

Then there was a serious illness, a very difficult operation, and complete disappearance from the pages of those same publications. It is only now that the vice premier has begun work again while still in hospital that people are again asking: Who is Nikolay Yegorov?

[Terekhov] Nikolay Dmitriyevich, events in Chechnya are being directed by different people now, of course, but by and large their actions today are dictated by the decisions made by you. Tell us honestly: Could the Chechen question really not have been resolved by other means? For example, by means of talks, which, incidentally, had already begun by that time?

[Yegorov] In that case let me expand on your question somewhat. What were the federal authorities doing for three long years? They were trying with might and main to reach agreement with Dudayev on a dignified and civilized solution to the deadlock which had been created.

[Terekhov] What was Dudayev doing, in your view?

[Yegorov] Dudayev was behaving not like a politician but like a real general with a perfect grasp of the disposition of forces at that time. He was well aware then that Moscow simply could not allow force to determine the development of events. The disintegration of the Union was followed by the sovereignty bandwagon that we all know only too well. The regions and republics went through an agonizing process of defining their mutual relations with the center.

At that time it only needed a hint that the federal authorities were not prepared to use force but merely to outline a scenario of strong-arm pressure on the Chechen leadership and... To put it in simple terms: Any injudicious actions by the military at that time would have destroyed not just the whole of the North Caucasus but Tatarstan and Bashkortostan as well, after which the remaining republics would have risen up. Dudayev is not a stupid man. He considered all these options with the meticulousness of a Soviet general. And, paradoxical as it might seem, he knew that he could talk to vast Russia from a position of strength. At that time he could do anything he wanted, he could even indulge in elementary loutishness. Remember how he repeatedly vowed to organize terror in Moscow and kill utterly innocent civilians if Russian tanks entered Chechen territory (though he was well aware that the military could not do anything about it).

There is only one thing that Dudayev overlooked: Sooner or later the situation in Russia would change. No region of Russia can go on subjecting the whole country to a test of strength forever.

[Terekhov] But does it not seem to you that when the order to begin military actions was given the country was subjected to an even greater test of strength?

[Yegorov] No. If only for the simple reason that this action did not break the Russian Federation's laws. Dudayev, however, was presuming to do nothing more or less than arbitrarily change the country's constitution. Believe me, there were many people who watched this attempt with interest. It is not the politicians that I have in mind but people from the supercrime structures. If the country cannot demand the rigid observance of its Fundamental Law there will inevitably be a tidal wave of anarchy, chaos, and crime.

In my view, Dudayev lacked elementary realism and simple human wisdom. He thought and acted not as a politician but as a typical military man: The task was set and the main thrust of the attack was mapped out. Subordinates have to carry out this mission come what may, to the last drop of blood. There is one more rule: Orders are not subject to discussion.

[Terekhov) What about Grachev, did he give his subordinates different orders? In practice it all amounts to the same thing: Advance! And orders are not subject to discussion... Forgive me for asking, but how many tanks went up in flames on the streets of Groznyy in the first few days?

[Yegorov] I am not a military man and I cannot talk about how the mission was accomplished from the military science viewpoint. As for the political aspect, I shall say once again that it was Dudayev who chose force to resolve the conflict in Chechnya, not Moscow. It is a cause of infinite regret to me, like any normal human being, that all Russian citizens, including the Chechens, have to pay for this.

I believe that when the passions subside Dudayev's fellow countrymen will judge his present actions in roughly the same way that the soldier in the postwar joke judged those of his military leader. You will remember that he put it this way in his report: "Comrade General, under your wise leadership I lost both my legs on the Volkhov front...." This is black humor, of course, but on the other hand it does speak volumes about the ability of some people in power to think straight and make the right decision.

[Terekhov] You were quietly running the prosperous and stable Krasnodar Kray. Then you suddenly found yourself right in the middle of an uproar affecting all of Russia. Prior to that all the events in Chechnya developed according to the strategic plans of entirely different people. Such well known politicians as Sergey Shakhray and Aleksandr Rutskoy, another general, made their

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contribution to the development of events there. Then for various reasons they were sidelined and you were thrown in at the final stage to do things that were bound to be unpopular. Do you not feel that you were made a fall guy?

[Yegorov] At the risk of disappointing you, I must say that I do not feel that it is true. The Chechen epic could not have gone on forever. Believe me, I am certainly not a bloodthirsty man and I can only make a radical decision when I see no alternative. This was precisely such an occasion: It was deadlock. The view that we were facing a real threat to Russia's territorial integrity and national security in Chechnya may have become a commonplace, but it is true nonetheless. The disintegration of the Russian Federation as a consequence of three years of sluggish diplomacy in the North Caucasus could have become reality.

[Terekhov] I remember how when you were at the helm in Mozdok you said that it wasn't only Dudayev who was to blame for the not unduly successful military actions in capturing Groznyy, you said that there was another culprit too. I have to admit that you really surprised and perplexed us when you named the press as that culprit....

[Yegorov] Have you in your life never said anything in the heat of the moment?

[Terekhov] I have. But then I am not a vice premier....

[Yegorov] No false modesty, please. The press is also an estate, albeit the fourth, but here the potential of an estate is not determined by who is first and who is fourth. On the contrary, when I was in the North Caucasus I understood more clearly than ever before the potential that journalists have. Journalism wields the greatest power of all—the power of public opinion, as a government official quite rightly observed. And when it comes to sitting in judgment there wasn't a single "special conference" in Iosif Vissarionovich's time which could compete with Russia's newspapers. I, for example, was quickly and unconditionally classified as a "hawk." Much as I love our feathered friends, I cannot accept that.

But that isn't what bothers me. I am even glad that you have asked me this question because I want to be absolutely clear on this: My attitude to the press is the standard one. I believe that it needs universal support today—both from the government and from the legislators. In the sphere of the mass media we must make sure that we do not go back to the two-dimensional space in which there were only two colors—black and white. I want the press in Russia to be independent of everything except journalists' own conscience. Because without conscience I am convinced that your profession cannot do anything.

[Terekhov] Did you have occasion to meet personally with Dzhokhar Dudayev? You were neighbors for quite a long time, after all....

[Yegorov] I did not, although such a meeting could have taken place in April 1993. An agricultural fair was being held in Sochi and Dudayev decided to visit it. I was not able to meet with him in person because I had an appointment with A.Kh. Zaveryukha, deputy chairman of the Russian Government, so I instructed my first deputy to do that. Later I learned that Dudayev had spent more than an hour inside his plane at Adler airport. That whole time his people caused chaos at the airport as they tried to ensure their leader's safety. I will be honest with you: This upset me. We are hospitable people ready to forgive a visitor any blunder. Except one: If you consider your host base and vile there is a simple solution: Don't visit him. Dudayev offended the Kuban people and I did not feel it possible to meet with him.

[Terekhov] This is essentially your first opportunity since your Mozdok exile to switch entirely to ministerial business. As I understand it, the Ministry for Nationalities Affairs is awash with problems. Take just one of them—the atmosphere of indulgence which has developed around parties of a neofascist and extreme nationalist persuasion. For example, take Aleksey Vedenkin, who was detained after the television program "Newspaper Stories" but who has now been released safe and sound... What do you think about that?

[Yegorov] My view is, I hope, the same as yours. It is scandalous that in a country which once made the major contribution to the rout of fascism people with the rank of SS brigadenfuehrer should be propagating their views with impunity in the year of the 50th anniversary of Victory and should be planning how many people they will shoot and how many they will send to the concentration camps when they come to power. The most terrifying thing is that they believe they can publicly express their views and not be held accountable for it.

I hope that the president's recently published edict "On Measures To Ensure Coordinated Actions by the State Authorities in the Struggle Against Manifestations of Fascism and Other Forms of Political Extremism in the Russian Federation" will put an end to this anarchy.

[Terekhov] A great many good and correct edicts are being produced in our country. The only question is: How well are they implemented?

[Yegorov] The implementation leaves a lot to be desired. But ultimately this is still no reason to treat the appearance of the latest edict with deliberate irony. As for its fulfillment, much depends on you and me in that regard. On me as a vice premier, on you as people who can publicly tell any vice premier that he is not doing a good job.

But as for this specific edict, I am personally optimistic. For the simple reason that fascism cannot take firm root on Russian soil. Society was simply waiting for the publication of the normative document legally enshrining Russians' rejection of the evil with which we have had such a brutal encounter in recent years. When

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we encountered it we suddenly realized that our legislation contains virtually no norms regulating the struggle against fascism. Few even in their worst nightmare could have dreamed that Russians would ever encounter it. And not just fascism but many extreme nationalist tendencies too.

[Terekhov] You are probably alluding to Chechnya again?

[Yegorov] Not only Chechnya. The sovereignty bandwagon which appeared after the disintegration of the Union set off a wave of separatism everywhere. Extreme nationalist organizations emerged in literally every region of Russia. When such cataclysms are at their peak you always get people who try to assert—often by crude force—the priority of the indigenous peoples over all the rest. Some manage to achieve their aims, others, fortunately, do not. So, to return to Chechnya, I want to repeat that Dzhokhar Dudayev was successful in that respect, to the misfortune of Chechnya and the whole of Russia. I regard the policy pursued in the Chechen Republic toward the Russian-speaking population and the latter's systematic eviction from Chechnya as a typical example of bellicose nationalism.

However, I do not want to get bogged down on Chechnya any more, there are similar problems in many other republics and regions in Russia. I shall say just one thing: I regard all nationalism as loathsome.

[Terekhov] Sergey Shakhray, your predecessor as minister, had the opportunity and time before his appointment to become acclimatized to the Moscow corridors of power and study the general disposition of forces in Russia. But you were transferred to the Ministry of Nationalities straight from the regions. Has this not caused you problems?

[Yegorov] Let us look at the problems you refer to. For some reason it is the general practice to abbreviate our ministry's title. I have to remind people of the full title. The Ministry for Nationalities Affairs and Regional Policy. I am acquainted with the second part of the title not just from being at the top level but also from grassroots level as a former head of administration. I am familiar with all the most painful aspects of the constant conflicts between the center and the regions and republics within the Russian Federation and I am clearly aware of my task: to find the optimum way to separate powers. We are now working on a new blueprint for regional policy and basic guidelines for the formation of interethnic relations in Russia. It is in draft form at the moment and I can tell you only one thing: It will be fundamentally new.

[Terekhov] You entered the government when the team there had largely been formed. Once again I have to say that you are from the provinces. Have you never been made to feel that you are an outsider? And generally speaking, is it not difficult to breathe the Moscow air after Krasnodar?

[Yegorov] All sorts of things have happened. But when you get down to work all misunderstandings tend to disappear. Thank God for that. To be honest, it has never been my dream to live in Moscow. I hope Muscovites will forgive me, but it has always seemed to me—and what I have observed here has done nothing to change my mind—that in Moscow a person simply loses his individuality and uniqueness. He becomes like all the rest on the treadmill, bustling and hurrying along the capital's asphalt highways. I am not criticizing Muscovites when I say this, I am simply stating a fact: Here they have a Muscovite lifestyle which is unlike the measured and more open life of the regions. I believe that the most interesting and frank conversations take place here not in public but in the quiet of people's apartments. It is difficult for a newcomer to come to terms with the new rules of the game.

Zyuganov Speech to Communist Party Plenum

MM3003133695 Moscow PRAVDA ROSSII in Russian 30 Mar 95 p 3

[Speech by Gennadiy Zyuganov, chairman of the Communist Party of the Russian Federation, CPRF, Central Committee, to party plenum: "Society Is Moving to the Left But Are We Ready for That?"]

[FBIS Translated Text] It is two months since we adopted at our plenum the main program documents and a whole series of political decisions, the main one of which is the implementation of the minimum program.

That program plainly states that we see our main tasks in the following terms: the adoption of a set of laws on the electoral system; the implementation of a whole series of measures connected with early presidential elections; the cessation of fratricidal carnage and conflicts; the denunciation of the Belovezhskaya Forest agreements; the ensuring of the power of working people not in words but in deeds; preventing private ownership and buying and selling of land and natural resources; the adoption of a law on combating unemployment; ending the denigration of Russian history and Lenin....

In the past two months I have been to regional party organizations and met with voters, Communists, and labor collectives.

In that period there has been a meeting of representatives of labor collectives of Krasnoyarsk Kray attended for the first time by representatives of the leading labor collectives and political forces. There was a Veterans Council in Samara in which Valentin Ivanovich Varennikov [deputy defense minister arrested for involvement in 1991 coup attempt] took part. There was a conference of left-wing forces in the Far East in which Kuptsov [CPSU Central Committee secretary 1991] and Seleznev [secretary of the Communist Party of the Russian Federation (CPRF) Central Committee] took part. And Tuleyev, Avaliani and I recently toured the whole of the Kuzbass. We also met with "left-wingers" who until

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recently recognized neither us nor our ideas. Tuleyev summed up the general impression precisely: The masses are recovering from their state of general intoxication.

There is one logical conclusion: If a party organization on the ground does not have a solid basis for mass political and propaganda work, if it has not attracted the best minds and talents, if the leader himself with pencil in hand has not read and understood the essentials of all the congress materials and documents, if he has not used the potential of local duplication equipment, printing facilities, and the mass media to disseminate the congress materials, we cannot expect to succeed.

Unless we inculcate in the consciousness the ideas which we adopted at the congress I am sure that it will not be possible to win over even our own supporters.

What questions do people ask at meetings? They ask about election results. I want to say that for us these are mainly pleasing. I shall quote two examples: Take the elections in Vladimir Oblast, where they elected the local self-government organs. There were 411 seats and 407 people were elected, the administration resisted, the prosecutor's office protested. Our party committees joined forces with the Agrarians and others to ensure the holding of these elections. We sent our deputies there on three occasions. I went myself and held a meeting at the largest plant—the tractor plant—with the intelligentsia, voters, and journalists, and took part in a television debate. Bearing in mind that many parties were taking part and that time had to be found for them all, my turn might not come. Then Vinogradov, leader of the Legislative Assembly, who had the power to choose his interlocutor, invited me. For 30 minutes we discussed the essence of the election campaign and the situation in the country. The transcript of the dialogue was recorded on tape and has been circulated in a number of cities.

Here is the result: In an oblast which voted for Yeltsin and supported the Constitution and his course of economic reforms the result was staggering. Out of 29 deputies elected, 18 are Communists.

In my own region of Orel we tried out a new information system; we sent two or three separate groups of our representatives there who managed simultaneously to access all the sources of information. The result here was good too.

If you take Dagestan, Tataria, and Bashkiria where elections have been held, the situation there is somewhat different. Bashkiria refused to disband the kolkhozes and sovkhozes. This is the only place on the Volga where they are ready for the sowing campaign, where roads are being laid, and where all the farms have bought equipment. So when selecting candidates there is no need to absolutize in terms of "communist or noncommunist."

Recently a high school invited me to speak there but the director got cold feet. So students in grades 10 and 11 came to see us in the Duma—there were 40 of them and they said: Do not be in a hurry, we have a lot of questions, we want to get to the bottom of things.

The democrats realized that all these young people were coming to see the Communist Party of Russia faction so they asked me what happened. I said:

"Everyone has come to speak to the CPRF, don't worry!"

Military Issues

Military Aide on Media Lessons of Chechnya

MM2903153195 Moscow KRASNAYA ZVEZDA in Russian 28 Mar 95 p 2

[Article by Colonel Andrey Bondarenko, chief of the Volga Military District Press Center, under the "Events in Chechnya: Lessons and Conclusions" rubric: "So That Not One 'Gun' Stays Silent"]

[FBIS Translated Text] I shall not cite here the statement by one military chief about the precise margin by which we lost the information war at the start of the conflict to Dudayev's supporters. Many people still remember it. Today it is more important to reflect on why that happened.

There are, of course, several reasons, and they are all important in their own way. For example, I see as a grave mistake the desire to give one center—the government's press service—a monopoly on the right to issue information. We have been there before, as the saying goes. During the tragic days connected, say, with Chernobyl and the loss of the ship Admiral Nakhimov, and even at the time of the earthquake in Armenia. At any rate, spontaneous local action, as the saying goes, was not encouraged, and initiatives by regional newspapers and electronic media did not meet with approval. This time too the information structures were instructed to adhere firmly to the course indicated by the government press service and were given just one contact telephone number, which, incidentally, was almost always busy. At the same time local press centers did not get a single exclusive during the two months of combat operations in the Chechen conflict zone.

By blocking the independent work of other structures, including the information structures of the power departments, the government press service took on what was, in my view, a clearly impossible burden. As a result, its scant, contradictory, and frequently not entirely reliable reports and statements were often simply ignored in the provinces. At the same time the local authorities' very strong information system, whose influence over the population of Russia has been no less than that of the Moscow system in recent years, went unused.

What is it capable of? I shall cite several figures. Roughly one Russian in every four lives on the territory of the Volga Military District, at the center of Russia. Here the

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central newspapers are distributed with a total circulation of approximately 122,000 copies, including KRASNAYA ZVEZDA with approximately 28,000 copies. The district newspaper SOLDAT OTECHESTVA has a circulation of 11,000 copies. On the other hand, though, materials and reports from the district's press center are published, according to our calculations, in local newspapers with a total circulation of between 400,000 and 1.8 million copies. For example, the conversation which Major Dmitriy Rudzit, a press center officer, had with Colonel Aleksandr Yaroslavtsev, the wounded commander of the 81st Motorized Rifle Guards Regiment (his regiment went to Chechnya from our district), and over which we had control, was published in newspapers with a total circulation of 724,000 copies. The conclusion is obvious: The system of press centers of military districts, fleets, and groups of forces, which were set up three years ago, is a very strong and effective means of influencing public opinion. It is capable of so "flooding" the territory of Russia with television, radio, and newspaper information independently, even without involving other news organs, that practically every Russian family from Chukotka to Kaliningrad Oblast is able, thanks to it, to receive the most up-to-date and topical information. Add to this the analogous systems of Russia's other power departments (the Federal Counterintelligence Service, the Ministry of Internal Affairs, the Border Troops) and the press services of kray and oblast administrations, and you will get an information network of such density that it is hardly imaginable.

The chief lesson of the events in Chechnya is that it must be ensured the possibility of normal, full-value work. How is this to be done?

In democratic states, in conditions of a multiparty system and freedom of the press, the need for statewide coordination of the mass media's work, particularly in extreme situations, gives rise to no doubt and is perceived as an independent task. It was Napoleon who said that just three newspapers can bring down an army. Today, in the context of the very broad development of the electronic mass media, people in the West believe that one television film crew is equivalent in impact to a tank division. This is why great significance is attached in the United States, Britain, and other NATO countries to coordinated work between specialists and representatives of the mass media.

Mindful of experience—positive foreign experience and our own, which is, alas, negative—it is necessary to place on the agenda the question of coordinating the work of all the established information structures in the country. Specifically coordinating and not—God forbid!—controlling them. Freedom of the press must, in accordance with the law, be complete, but then so must propaganda of Russia's state interests. Otherwise it is incomprehensible why, in fact, the vast apparatus of the press services is maintained out of the budget.

After exchanging opinions with the leaders of the local information structures of Samara, Perm, and Orenburg Oblasts and the Republics of Komi and Bashkiria, as well as with representatives of the press services of other departments, we were convinced of the need to view information and propaganda support for the power structures' actions on a par with combat, technical, and rear support. For the duration of extreme situations, as practice shows, it is expedient to form temporary working organs and groups to monitor the situation. They must include representatives of the Main Intelligence Directorate, the Military History Institute, and some other departments and organs. Above all, for the prompt study (including the foreign view of the situation) and elaboration of recommendations to the command with regard to influencing public opinion. In our opinion, up-to-date information from the region—particularly exclusive information—is also of great significance.

The events in Chechnya have also shown the urgency of developing a system of cooperation not only among the power departments' information structures but also with the regional press services. The time has come to resolve this question in practice. Let us examine it also at a session of the Russian Federation Security Council and enshrine it in a presidential edict.

Finally, one other consideration. Apart from everything else, the events in Chechnya proved absolutely clearly that the time of reprints from PRAVDA and KRASNAYA ZVEZDA of strict doses of "semiofficial" material for local information structures is past, never to return. It is impossible today to implement the policy of controlling information from a single center. This means that a considerable part of the work of shaping public opinion (at least, with regard to Army and Navy reality) must be transferred to the districts.

Let us turn again to foreign experience. In the United States, for example, the distribution of the topics covered (international cooperation, combat training, rear services, etc.) among specific officers, each of whom is responsible for his own work sector and, consequently, has an interest in cooperation with the mass media and maintains a permanent business link with them, has proved itself in a positive light.

In any case, all the guns of the information system of the Armed Forces (and of the other power departments) must not stay silent or strike blindly. We pay too high a price for this powerful weapon to lie idle....

Northern Fleet Admiral Comments on Exercises

LD0504092995 Moscow ITAR-TASS in English 0834 GMT 5 Apr 95

[By Vasiliy Belousov]

[FBIS Transcribed Text] Barents Sea, March 5 [date as received] (TASS)—Russia had and will have a strong navy capable of protecting its interests on all seas, Commander of the Northern Fleet, Admiral Oleg Yerofeyev said in an exclusive interview with ITAR-TASS.

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The commander was commenting on the fleet's largest exercises in three years aimed at perfecting interaction between its international forces.

Just as 50 years ago, the Sea of Barents heard artillery salvoes today. Northern Fleet warships were attacked by 'enemy' submarines and aircraft.

The exercises which began a few days ago involve surface ships, nuclear and diesel powered submarines, planes and helicopter gunships of the Northern Fleet's air wing.

Admiral Yerofeyev stressed that over the past few years the number of the fleet's vessels has been cut by half but its combat ability has not declined. The fleet has retained state-of-the-art ships which can boast both the latest technical equipment and arms. The fleet's seamen, flyers and other specialists have upgraded their skills.

The men serving in the fleet today carry on glorious traditions of their war-time predecessors in guarding the country's northernmost sea frontiers, the admiral said.

Their skills are subjected to tests not only by Russian inspectors. Monday [3 April], two foreign submarines were spotted off the Russian coast, days after the coast-guards drove another foreign submarine out of Russian territorial waters.

On Wednesday, Sverdroep-2, a Norwegian research vessel operating in the interests of the anti-submarine department of the Norwegian armed forces, was spotted in the area where the exercises are taking place, and a NATO surveillance aircraft Orion was seen hovering over Russian ships.

Federal Assembly

Federation Council Deputies Meet NATO, Assembly Officials

LD0304141095 Moscow 2x2 Television in Russian 1100 GMT 3 Apr 95

[FBIS Translated Excerpt] NATO's expansion eastward was discussed today at a meeting between representatives of the North Atlantic Assembly and NATO, and deputies of the Federation Council, headed by Anatoliy Dolgolaptev, its deputy chairman. The delegation is to have similar meetings in the State Duma, at the Defense Ministry, with the General Staff, and at the Foreign Ministry. [passage omitted]

Further on Meeting With NATO Representatives

LD0304171995 Moscow INTERFAX in English 1437 GMT 3 Apr 95

[FBIS Transcribed Text] MOSCOW, April 3 (Interfax)—A meeting of deputies from the Russian parliament's upper chamber with representatives of the North Atlantic Assembly and NATO was held today at the Moscow parliament center to discuss the provision of equal safety for each European nation.

A central topic of the discussion was the expansion of NATO and the search for a solution acceptable for Russia and other European nations, Deputy Director and coordinator of the EuroAtlantic Cooperation Association Atamali told Interfax. He stressed that residents of neither European nation should feel unsafe during transformation of the European Communities.

This is the second meeting of European parliament members held on the initiative of the association. The first meeting was held in April 1994 to start a dialogue of people who are influencing the European politics, said Atamali.

The current meeting was attended by deputy speaker of the Russian Federation Council Anatoliy Dolgolaptev.

Deputy Lysenko Censured For Insulting Ukrainian Flag

LD0504092795 Moscow Radiostantsiya Ekho Moskvy in Russian 0800 GMT 5 Apr 95

[FBIS Translated Text] Nikolay Lysenko, Duma deputy representing the National Republican party, has been deprived of his right to take the floor during sittings for insulting Ukraine's national flag.

During a debate on whether Sergey Tsekov, chairman of the Crimean Supreme Soviet, should be invited to Moscow, the deputy moved toward the central rostrum and tore up the Ukrainian state flag, measuring one meter by two which, incidentally, he brought with him.

He tossed what remained of the flag onto the chairman's table. Ivan Rybkin immediately moved to deprive him of his right to speak till the end of April and the State Duma voted for that.

The only person to have greeted, hugged, and kissed Nikolay Lysenko was Vladimir Zhirinovskiy, leader of the Liberal Democratic Party of Russia.

As a result, the lower chamber of Parliament decided to invite the Crimean Supreme Soviet delegation, headed by its chairman Sergey Tsekov, to take part in one of its sittings in the near future.

Duma Group Collecting Signatures for No-Confidence Vote

LD0504105995 Moscow ITAR-TASS in English 1035 GMT 5 Apr 95

[By ITAR-TASS correspondent Ivan Novikov]

[FBIS Transcribed Text] Moscow April 5—"A group of members of the Russian State Duma have begun collecting signatures among their colleagues for a no-confidence motion against the government," Konstantin Zatulin, chairman of the Duma Committee for CIS Affairs and contacts with fellow-countrymen, told a plenary meeting of the Duma here today.

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According to the regulation in force, ninety signatures of MPs are needed to include the no-confidence motion in the Duma's agenda. The MPs resorted to this action after the previous meeting of the lower house of the Russian parliament had turned down Zatulin's motion to hold such a vote.

The problem arose after Zatulin had protested in the Duma against the Russo-Ukrainian documents, recently signed by First Vice-Premier of the Russian Federation Oleg Soskovets. In Zatulin's opinion, they do not benefit Russia. Moreover, he claimed that they jeopardise the interests of the Russian state.

Duma Suspends Radio, TV Privatization

LD0504115095 Moscow Radio Rossii Network in Russian 1100 GMT 5 Apr 95

[FBIS Translated Text] The State Duma has suspended the privatization of state television and radio broadcasting until the relevant federal law has been passed. This is what is set out in a law passed by the deputies today on special procedures for privatization of the state radio and television organizations.

Our correspondent reports that the document contains a separate article speaking of suspending use of the first channel by the Russian Public Television joint-stock company.

'Stability' Group Backs Use of Force in Chechnya

LD2803111495 Moscow ITAR-TASS in English 1042 GMT 28 Mar 95

[By ITAR-TASS parliamentary correspondent Ivan Novikov]

[FBIS Transcribed Text] Moscow March 28 TASS—President Boris Yeltsin was obliged to protect in Chechnya Russia's constitution and territorial integrity. Such is the opinion of "Stability" group of deputies which has recently been registered in the State Duma. Lawmakers from "Stability" group gave on Tuesday a news conference, stating that they are for stability and constructivism in society and deputies' activity, and for cooperation of all branches of power.

They stressed that the use of force in the Chechen crisis was justified. Viktor Mironov, deputy chairman of the Duma committee for security, pointed out that 40 to 50 thousand Russians had been exterminated in Chechnya in the three years of Dudayev's rule. This is a massive violation of human rights. "In these conditions the president had to resort to unpopular measures", Mironov said. At the same time, "Stability" group of deputies believes that military operations in Chechnya by federal troops could have been better planned and more effective.

Aleksey Aleksandrov, coordinator of "Stability" group for political affairs, said that, if nominated, deputies in the group intend to run in one-seat districts in the forthcoming parliamentary elections.

However, representatives of "Stability" group do not preclude forming a separate election block if the president signs the law on elections to the Duma in the same form in which it was adopted.

It should be noted that in accordance with the law, 225 deputies are to be elected to the Duma from one-seat election districts and as many on party tickets. During the voting on the draft law on elections to the State Duma, "Stability" group supported the presidential version which suggested a different proportion, 300 to 150.

Reporters were told that "Stability" group includes 36 people from various factions and groups of deputies representing various regions. The group includes jurists, economists, phycisians, historians, engineers, and philologists, among them two doctors of sciences and eight candidates of sciences, two chairmen and five deputy chairmen of the State Duma committees and seven chairmen of Duma subcommittees. Members of "Stability" group were earlier in Russia's Choice and Yabloko factions, in those of the Democratic Party of Russia, the Party of Russian Union and Accord, as well as in deputies' groups "new regional policy" and "Union of December 12".

Regional Affairs

Yeltsin's Vacation, Plans for Local Trip Detailed

LD0504111995 Moscow INTERFAX in English 1009 GMT 5 Apr 95

[FBIS Transcribed Text] Moscow, April 5 (INTERFAX)—Circles close to Russian President Boris Yeltsin reconfirmed for Interfax that Yeltsin's trip to the capital of Kabardino-Balkaria will take place "in 4-5 days," that is on Saturday or Sunday. The flight from Sochi, where Yeltsin is now, to Nalchik is only 20-30 minutes longer than from Kislovodsk, aviation experts explained. Earlier, it was expected that Yeltsin would head to Nalchik from Kislovodsk, where he was resting before weather conditions worsened there.

Well-informed source report that since arriving to the Black Sea coast from Kislovodsk Yeltsin has kept to his previous regime, he works on documents, walks, takes exercise. The same circles say it is possible that in the coming few days Yeltsin will meet in his Black Sea residence with Russian Prime Minister Viktor Chernomyrdin and leaders of several departments and political functionaries.

Yeltsin Meets With Local Leaders in Sochi

LD0504094595 Moscow ITAR-TASS World Service in Russian 0917 GMT 5 Apr 95

[ITAR-TASS correspondent Irina Shchegoleva]

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[FBIS Translated Text] Sochi, 5 Apr—The sociopolitical situation in the Kuban, the situation on the Abkhaz section of the Russo-Georgian border, and problems of construction of the new air terminal in Sochi were discussed today at the meeting of President Boris Yeltsin of Russia, who is here on holiday, with Yevgeniy Kharitonov, head of administration of Krasnoyarsk territory, and Nikolay Karpov, the mayor of the spa town.

The ITAR-TASS correspondent was told this at the press service of the head of the Sochi administration. According to the available information, President Yeltsin has in this way now started combining his rest at the spa with work.

Reportage, Commentary on Conflict in Chechnya

Dudayev's Forces Fire at Russian Border Posts

LD0504110395 Moscow ITAR-TASS in English 1037 GMT 5 Apr 95

[By ITAR-TASS correspondent Anatoliy Yurkin]

[FBIS Transcribed Text] Moscow April 5 TASS—Dudayev's men made two attempts during the past 24 hours to attack Russian border posts in Ingushetia and Dagestan. ITAR-TASS was told today by officials of the information agency of the Russian federal border guards service that small-arms fire was opened on Tuesday evening at a checkpoint of the Nazran detachment of border guards near the village of Nesterovskaya. Several hours later fire was opened on a frontier post, guarding the administrative border between Dagestan and Chechnya near the Karagalinskiy Bridge, northwest of the town of Kizlyar.

The Russian border guards retaliated by silencing the fire. The defeated Dudayev formations are lately making vigorous attempts to cross over in small groups from Chechnya to the territories of the neighbouring republics, primarily, Dagestan.

The command of the Caucasian special border guards area has reinforced the Russian border posts. The leaders and law enforcement bodies of Ingushetia and Dagestan were notified about the latest attacks.

Dudayev Official on Operations in Chechnya

LD0404190395 Moscow INTERFAX in English 1846 GMT 4 Apr 95

[FBIS Transcribed Text] MOSCOW, April 4 (Interfax)—"No intensive military operations were waged along the line of confrontation between Chechen formations and the Russian armed forces" on April 3-4, Dzhokhar Dudayev's press secretary, Movladi Udugov, told Interfax over the telephone Tuesday.

At the same time, he said "the Russian aviation showed moderate activity Tuesday as it dealt discreet missile strikes on the Chechen positions near the Shali test ground partially controlled by pro-Dudayev militants."

"Russian aircraft were observed flying around the village Novogrozny. (Oyskhar), several kilometers east of Gudermes," Udugov said.

Official Lists Weapons Seized in Chechnya

LD0404190795 Moscow INTERFAX in English 1751 GMT 4 Apr 95

[FBIS Transcribed Text] Moscow, April 4 (INTERFAX)—Since the start of military operations in Chechnya, the federal troops have destroyed 65 tanks, 98 armored personnel carriers and other vehicles, 139 artillery systems, 18 multiple rocket launchers, 256 combat jets and 5 helicopters, a deputy head of the Main Interior Department for the Fight against Organized Crime, Aleksandr Dementyev, told a briefing in Moscow Tuesday.

In addition, the federal troops also found 15 warehouses containing ammunitions in Chechnya. To take away arms and ammunitions from one of them located in the village Podgornoye in the Nadterechny district, 124 KamAZ trucks were loaded.

According to the Russian Interior Ministry, "Russian military units remain the major and stable source of supplying arms to the criminal world and areas of ethnic conflicts, including Chechnya." Some observers say the bulk of illegally possessed arms disappear from warehouses of the Russian Defense Ministry, Dementyev said. In addition, many arms are stolen directly from manufacturing enterprises. The Interior Ministry is investigating a criminal case of a group of persons who tried to deliver 4,350 handguns from the Izhevsk arms plant to Groznyy.

A total of 1,247 thefts of arms and ammunitions were registered in Russia in 1994. As many as 16,780 crimes committed in the country involved arms. A total of 41% of such crimes are committed in Moscow, St. Petersburg, Sverdlovsk, Irkutsk, Tyumen regions, Dagestan, Primorye and Krasnoyarsk territories.

According to Dementyev, the Russian law-enforcement bodies managed to stop the main channels of arms trafficking from abroad in 1994.

Restoration Work Said Under Way

LD0404134495 Moscow ITAR-TASS in English 1252 GMT 4 Apr 95

[FBIS Transcribed Text] Moscow April 4 TASS—The Press Service of the Russian Government issued a statement on Tuesday:

"According to the mobile information center, restorations are underway on Chechen territory. Head of the territorial department of federal executive power bodies in Chechnya Nikolay Semenov met representatives of federal construction organizations today to discuss the resumption of water and energy supply.

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"Over 12 tones of bread are baked in Groznyy every day, about three dozens of shops are open not to mention street markets. The city has five bus routes functioning.

"The federal troops command is searching for and liberating servicemen who were captured by the illegal armed units. Five privates of the North Caucasian military district were freed on March 29. They were captured by Dudayev militants in January in the area of the Chechen Andreyevskaya Valley.

"A total of 77 people have been freed as result of special military operations since the beginning of combat in the republic."

Chechen Minister Comments on Rebuilding Groznyy

MM0404133095 Moscow KRASNAYA ZVEZDA in Russian 4 Apr 95 p 3

[Interview with Ruslan Madiyev, minister for international and foreign political ties in the Chechnya government of national rebirth, by Sergey Knyazkov; date and place not given: "'Groznyy Will Rise Up Again from the Ruin...' Ruslan Madiyev, minister for international and foreign political ties in the Chechnya Government of National Rebirth, Has No Doubt of That"]

[FBIS Translated Text] [Knyazkov] Ruslan Lukmanovich, according to your calculations what sum will be needed for Groznyy's restoration?

[Madiyev] Several tens of trillions of rubles. A very big sum which at present neither the Chechnya government nor the Russian Government has. So together with the aid coming from the center we are taking our own steps making it possible in the very near future to bring Groznyy back to life. For instance, by agreement with the Russian Government we intend to lease the city's territory to commercial structures which would like to invest funds in the city's restoration. A second way is connected with the interest shown in Chechnya by many states of the world, commercial structures, and international economic organizations. Many of them have expressed the desire to render us financial aid. Such a statement has, for instance, come from U.S. President Bill Clinton.

To avoid it being stolen and pilfered we intend to concentrate this aid in one of Russia's state banks. Obviously that will be a kind of fund for Groznyy's rebirth. It will be under the control of a public council which will be joined by eminent statesmen from Chechnya, Russia, and foreign countries. And funds from this account will be withdrawn only by a decision of the Chechen Republic Government.

[Knyazkov] But are there already attempts to, as you put it, pilfer the funds.

[Madiyev] Of course. According to our information Dudayev's emissaries are trying to seize the funds earmarked for us by Turkey. They want to use the money to buy weapons and thus extend the war in Chechnya.

[Knyazkov] To which entrepreneurs will you give preference?

[Madiyev] The interest in Groznyy and Chechnya on the part of commercial structures is very great. But it is better if Russian businessmen invest their money here.

[Knyazkov] Ruslan Lukmanovich, from your viewpoint what are the prospects of restoring the industry of Groznyy and Chechnya as a whole?

[Madiyev] As of today there is virtually no industry in Chechnya. By August 1994 the level of production compared to the start of "Chechen independence" had declined 80 percent. The oil extracting and oil refining enterprises were not functioning. The only thing that was keeping afloat somehow was agriculture. But no credit went to Dudayev's rule here—people simply had to eat something.

In general it should be noted that the industry of Chechnya and of Groznyy in particular has not suffered greatly from the fighting. Situated as a rule on the outskirts of Groznyy it can be restored in the very near future.

[Knyazkov] You have in mind the enterprises connected with the extraction and refining of oil?

[Madiyev] I would like to note that both in Moscow and in Groznyy there are opinions that it is better to close down the oil refining industry in Chechnya completely since it is "morally and physically obsolete." But I believe that is wrong. Chechnya's oil refining industry today can process about 20 million tonnes of all. And that is quite a lot.

Conclusion Seen to Chechen Campaign

MM0504102295 Moscow KRASNAYA ZVEZDA in Russian 4 Apr 95 p 1

[Report by Nikolay Starodymov: "Chechnya: Time To Gather Up Stones and Plow Spring Land"]

[FBIS Translated Text] And so with the taking of Shali and Gudermes it may confidently be said that there no longer exists a unified front of struggle by Dudayev's supporters against the federal troops. That is undoubtedly a turning point in the development of the military situation in Chechnya. At least with this the large-scale operations using aircraft and heavy artillery may be considered to have ended.

In this connection some circles have started to talk about what is virtually "General Dudayev's best tactical ploy in the entire Chechen campaign." Well, if defeat in the eyes of the general-president's political supporters is "the best tactic" then all that remains is to wish that Dudayev should not rest on his laurels. And in general terms the most sensible thing would be to lay down his arms and stop the senseless resistance. One must suppose that many people who do not want to die but who could die would be grateful to him for that. At least for that....

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As for the predicted guerrilla warfare let us recall that as it is classically understood this is a war by the people against the armed forces of a national or class enemy waged on occupied territory or on territory with a reactionary regime. I think there is no particular need to prove that this definition does not apply to present-day Chechnya whichever way you look at it. Because the federal troops, having defeated what was a reactionary regime, make no claim to the role of occupation troops.

To be convinced of this you only have to look at the events with an unprejudiced eye. When you fly over Chechnya's territory in a helicopter you can clearly see the difference between the population centers in which the gunmen to some extent or other supported by the local inhabitants tried to dig in and the population centers which the local inhabitants prevented the gunmen from entering. The former are distinguished by the small number of inhabitants, the large number of burnt out buildings and broken roofs, the lack of livestock on the fields dug up by caterpillar tracks and bomb craters. On the other hand the latter look as though the savage moloch of war had not passed over these bountiful areas. So what should people fight for? For the return of a regime which gave ordinary workers nothing, which provoked internecine warfare?

Guars Colonel Sergey Tulin, commander of a combined airborne regiment, showed me a note brought to him by inhabitants of a village situated close to the city of Gudermes. They assured him that there were no gunmen in their population center and in this connection asked him to take steps to ensure that their village was not bombed. Everything would be fine but for one detail. There were gunmen in the village and this was no secret to the command. But they did not take vigorous steps against them, having satisfied themselves that the gunmen were not taking part in the fighting.... Yes, the era of charity has not yet come and will not come for a long time yet. But perhaps its shoots are emerging in small instances of charity of this nature?

Dudayev and those behind him counted on mercenaries. There is no denying that many of our boys were casualties of the sharpshooting of these "wild geese" who flew here after the crackle of greenbacks and the base thesis of "the struggle against imperialism...." I was told by representatives of the FSK [Federal Counterintelligence Service] that the day before the storming of Argun $2 million was urgently dispatched from a Muslim country of the far abroad to maintain the defenders' morale. And some of them earned their traitor's pieces of silver in full—one of my journalist colleagues himself saw a gunman with an obviously European appearance dead under the tracks of a tank. And on the sector where the overall leadership of combat operations was carried out by Major General Aleksandr Skorodumov, chief of staff of the "North" grouping, during a counterattack by the gunmen several prisoners and the documents of several Dudayev supporters who had been killed were taken—and they included an Azerbaijani, a Ukrainian, and a Belarusian.

All these are facts which cannot be denied. Nonetheless, in the opinion of Lieutenant General Igor Mezhakov, deputy director of the Russian Federation FSK, it is wrong to say that subsequently mercenaries will remain soloists with the leading role in the cacophony of local terrorism. They are already seeking to leave the region of the fighting. Primarily because they want to live and the war is ending and ending in far from the way they would have liked.... And, of some importance, there is no one to pay them $1,000 a day plus a bonus for each man they kill!

Nonetheless, it is still early to speak of the introduction of constitutional order in the republic. Colonel General Anatoliy Kulikov, commander of the joint grouping of federal troops in Chechnya, cited a figure—800 men. And these men will continue to terrorize the organs of law and order and the local population. Because that is the number of renegades who are up to their elbows in blood. They have become too accustomed to leading a bandit's way of life, they have committed so many crimes that they simply cannot count on clemency.

Today some settlements and individual detachments are still continuing resistance. They include the population center of Belorechye situated beyond the Terskiy range, south of Gudermes. Dense thickets intersected here and there by paths known only to the local inhabitants enable the armed opposition members to approach under cover the strongholds of the motorized rifle and airborne troops and to inflict losses on them. Here they themselves lose considerably more men but that does not make it any easier for us! Moreover, the armed opposition in the republic's mountainous south has a certain combat potential. But, I repeat, the enemy no longer has any real military might.

Back 2,000 years ago it was said that sooner or later the time would come to gather up the stones. Spring has come to the war-torn Chechen land. The fertile land is green with the winter crops, the crowns of the trees awakening after the winter are covered in sparkling emerald greenery, and the buds are swelling on the gnarled vines.... Spring is a time of hope. So let us hope that this time peace and quiet come to this fertile land!

Murder of U.S. Citizens in Khabarovsk Probed

LD3003081995 Moscow ITAR-TASS in English 0716 GMT 30 Mar 95

[By ITAR-TASS correspondent Anatoliy Vostokov]

[FBIS Transcribed Text] Khabarovsk March 30 TASS—A group of most experienced specialists of the criminal investigation department, agencies of internal affairs of the city and the territorial prosecutor's office has been set up to investigate the murder of two U.S. citizens here.

The bodies of Yi Chu-hong, 59, a physician, and his wife—the residents of Virginia—were discovered in the evening of March 28 in the apartment which they rented, engaging in private medical practice.

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American Yi Chu-hong together with his wife had arrived in Khabarovsk 18 months ago under an arrangement with the local medical institute. He worked at the therapy department at the institute and at one of hospitals and delivered lectures to students.

At the invitation of the missionary, his colleagues from the United States arrived in the Amur area several times to advise Russian physicians. As an activist of the Baptist Church Yi Chu-hong engaged in charitable activities and regularly visited the local Baptist community.

The deacon of the local Baptist church was one of the first to sound the alarm when the American guest failed to attend the Sunday service and did not report to work on Monday either, which prompted the medical institute management to lodge an enquiry with Khabarovsk police. Various motives and leads concerning the crime are being scrutinized, a spokesman at the territorial department for internal affairs has told ITAR-TASS.

3,500 Pieces of Ammunition at Maritime Explosion Site

MM0404150295 Moscow ROSSIYSKAYA GAZETA in Russian 4 Apr 95 First Edition p 8

[Report by Valentina Charskaya: "Wave of Explosions"]

[FBIS Translated Text] Some 3,500 pieces of ammunition have been removed from the scene of the 30 March explosions at the military depots in the village of Talovyy in Maritime Kray and 1,320 hectares of land have been cleared of deadly metal.

An informed source at the headquarters of the Far East Military District's 5th Army told ITAR-TASS yesterday that the disaster was due to the shortage of personnel and negligence. The Far East District Military Council will meet 5 April, when the causes and circumstances of the disaster will be finally cleared up.

This is the third time in the past three years that the heavens above Maritime Kray have been illuminated by awesome military fireworks. On this occasion the mighty detonation of the ammunition at a unit of the Far East Military District's 5th Army scattered projectiles over a radius of 10 km near the border village of Talovyy, which is on the highway from Ussuriysk to Pogranichnoye.

At around 1900 hours 30 March there was another thunderous explosion of such force that it completely shattered all the windows in neighboring villages and two projectiles hit the rayon center, as though alerting the leadership to the calamity which had occurred. In neighboring China they spent a full four hours trying to find out what had happened before announcing to their fellow-countrymen by radio: "No, war has not broken out."

By midnight, Yevgeniy Nazdratenko, governor of the kray, and Colonel General Viktor Chechevatov, commander of the Far East Military District, arrived with a retinue of high-ranking commanders from the Far East 5th Army prepared to carry out any order at a moment's notice. But as no order came they decided to calculate—albeit approximately—the damage caused less by the elements than by the negligence in the army's ranks. It transpired that there were 2,000 tonnes of projectiles of various calibers at the depots - - 100 freight cars of deadly freight! Someone explained that there were 80 cars of projectiles and a further 20 cars of TNT which emits smoke but does not explode. Others go into details: "There are 10 freight cars of rockets." Be that as it may, a part of the deadly load was dispersed over the whole district, where there is hamlet upon hamlet and countless orchards, meadows, and copses. Unless all these trophies are harvested, by summer when the verdure is dense and the flowers are a riot of color there could be fresh tragedies here. Unfortunately it is the border troops and militia who have begun the mine clearance operation here rather than the traditional forces, the combat engineers, every last one of whom is at present in Chechnya.

As for the psychological harm, apart from the fear which has spread along the Russian-Chinese border it has also been necessary to evacuate 300 residents from the kray's psychiatric-neurological clinic in Talovyy, which the governor himself visited after the alarm to reassure an already suffering populace. On his instructions the kray administration's housing and municipal services directorate shipped in 2,250 square meters of glass by morning. To the buzz of helicopter rotor blades and the roar of tank engines and other combat vehicles combing the area for dangerous objects teams of glaziers have begun filling in the gaping window frames.

Economic Issues

Bunich Assesses Three-Year Economic Plan

954F1979A Moscow LITERATURNAYA GAZETA in Russian No 13, 29 Mar 95 p 1

[Article by Academician Pavel Bunich, deputy chief of the Committee for Property, Privatization, and Economic Activities of the Russian Federation State Duma: "We Are Again Being Promised a Fundamental Change: When There Is Nothing To Show, the Government Urgently Adopts an Optimistic Program"]

[FBIS Translated Text] Without waiting for the completion of the previous three-year program (1993-1995), last week the government presented a new one: for 1995-1997. The official explanation: Additional problems have been discovered. The problem, however, also is that there is nothing in particular to show for the old one.

The proposed program quite justifiably highlights the current year, because if it proceeds successfully, two subsequent ones will "get into gear;" if it does not—we are facing failure in the entire foreseeable future.

Overall, the program exudes optimism. It correctly proclaims that the main lever for getting out of the crisis is

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investment. The imperative is formulated this way: If we get investments—we will have everything. We will overcome the technology lag and ineffective production, pay off overdue accounts, halt the economic decline, prevent rising inflation and unemployment, raise the population's standard of living, and collect taxes.

Meanwhile, since 1989 the volume of investment has declined by approximately 70 percent and has continued to decline over the first months of the current year. In the estimate for 1995 as a whole, the government forecasts a decline of 11-12 percent.

A number of measures are envisaged for overcoming the investment crisis. We hear that savings—that is, potential investment—comprise 22 percent of the population's income, and that bank interest rates will become positive any time now, and then many credit resources will appear and will become cheaper and accessible to the economy. The state agrees to participate as the shareholder with private investors, which means, to help them materially as a guarantor. It is envisaged directing 51 percent of proceeds from privatization into the same privatized enterprises as investment. A number of spheres were granted the right to double the amortization; deductions into the amortization fund may cover up to 50 percent of the total volume of capital investment. Hopes are being pinned on foreign investors. The major among them are guaranteed five years of tax stability and reduction of import duties by half for a period of five years. As a result of these and other preferences, direct investment of foreign capital will allegedly increase to $2-3 billion already this year (as compared to $0.5-1 billion last year).

The list of possible sources to finance investment, as proposed by the government, may be continued. But, as is known, the main criterion of their significance is the degree of their effect on the economy. And it is not comforting. The average monthly inflation of consumer prices in 1995 is planned at a level of 4.5 percent in the first scenario, and 6-7 percent in the second (in reality, over the first quarter of this year alone prices will rise by 40 percent). The gross domestic product will decline by 8 percent (12 percent in the second scenario); production of industrial goods will decline by 7 percent (12 percent); and agricultural output will decline by 11 percent (17 percent). This forecast is evidence that the economic mechanisms, both those already in place and those that are being introduced, are indeterminate, low-power, and inertia-driven. They should not be legitimized—they should be radically changed.

We are being promised that a turn for the better will actually take place this year (that of the current speech). It turns out to be a turn for the worse. Last year, when it seemed that the worst was behind us, prices increased 3.2-fold (750-fold as compared to 1991). Production decline reached its lowest point. Seven percent of the economically active population are without work, and another 6 percent are partially unemployed. Now the prime minister's report calls 1994 a year of unfulfilled hopes and lost opportunities. And the same may happen in 1995. A lot is at stake when they promise average monthly inflation of 1-2 percent for the second half of the year, and envisage a halt in production decline by the beginning of the second half of the year.

The special feature of the 1995 budget is not only that the deficit is covered by noninflationary sources, but also that it defers their burden to subsequent years. When the time comes to pay for internal securities, and especially for Western loans, these payments will reach the point of taking up one-third of budget expenditures. It is not accidental that the prime minister said that beginning in 1996 we should basically stop financing the budget deficit with Western credits. So far this year, this life on credit has only enabled us to stave off hyperinflation. If we manage to inject vitality into the economy this way—fine. If not—our situation will be exacerbated.

The matter of greatest concern is that one-quarter of the people live below the subsistence level. They will not survive without social support. But the system of such support is not in place. In 1995, 220 billion rubles [R] were appropriated for the development of public works and seasonal and temporary employment, and another R320 billion—an insurance reserve in case of a critical situation in the labor sphere. Crumbs! Preferences granted for the creation of new jobs did not produce the desired results. There is an employment program, but no employment. I think that social support of certain population strata is a crucial issue. And it needs to be dealt with before it reaches the point of conflict and becomes explosive.

In conclusion, about the ruble exchange rate in relation to the dollar. It lags behind our internal inflation (for instance, in 1994—by 15 percent). Therefore, it is unprofitable to sell dollars for rubles—their purchasing capacity is less than in the United States. Hence, the shortage of dollars and their rising cost. The Central Bank of Russia tries to stem this by selling its own dollars. However, its foreign currency reserves are meager, and when they are depleted, the dollar will begin to rise again until it reaches parity with the ruble in purchasing capacity. This rise in the cost of the dollar will be supplemental, in addition to its current rise in price, which takes place daily, hourly, and on a massive scale. As a result, by the end of the year the dollar will be fetching about R10,000... if the government runs out of "manual means" of influencing the exchange rate. If this happens, the dollar will become an attractive means for domestic investment: Export will gain more than it gains today; import will shrink (even without protectionism); our payment balance will become more active; and there will be some opportunity to pay off debts. The debt by the end of the year (other than payments on our obligations) will probably exceed $130 billion. If we fail to make debt payments on time, additional interest will accrue—the debt will be deferred but will also increase. Which is where we are now. To continue this way is to harm ourselves.

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We will struggle to continue the reforms, count on the government, but also to do our own best. Climb, strain, learn about the market, pull the business through. There is no fortress our resilient entrepreneurs—unlike the Bolsheviks—cannot take.

Government-Bank Statement on Fiscal Strategy

MM0304150095 Moscow ROSSIYSKAYA GAZETA in Russian 31 Mar 95 First Edition

[Russian Government and Central Bank statement, signed by Premier Chernomyrdin and Acting Chairman Paramonova, and dated 10 March 1995: "Financial Strategy. 1995. Statement By Government and Central Bank of the Russian Federation On Economic Policy in 1995"—from the "Business in Russia" section pp 1, 6]

[FBIS Translated Text] The aim of the economic policy of the government and the Central Bank of the Russian Federation (CBR) in 1995 is to create favorable conditions for improving and boosting the Russian economy and ensuring stable growth in the population's living standards. In order to implement this goal the government and the CBR intend to sharply cut inflation and accelerate institutional and structural reforms, while at the same time ensuring an appropriate level of social protection for the population. In order to implement these tasks the government and the CBR agree on the following:

I. Credit and Monetary Policy

1. The main goal in 1995 is to reduce inflation on average to a level of around 4 percent a month throughout 1995 and to around 1 percent a month in the second half of 1995. To this end as of 1 January 1995 the government has stopped using direct CBR credits to finance the federal budget deficit, with the exception of the cases envisaged in Paragraph 13 below. The growth of the monetary base and the money supply will be determined by CBR policy in making credit available to the commercial banks, by CBR operations with state securities on the open market, and by CBR intervention (buying or selling foreign exchange) on the foreign exchanges. In order to control the money supply, ceilings will be established for the net internal assets of credit and monetary organs (Footnote) (These parameters, together with other targeted indicators and obligations, are defined in the Appendix, which forms an integral part of this statement. All the macroeconomic terms used in this statement and in the Appendix are also recorded in the Memorandum of Definitions drawn up by the Finance Ministry and the Central Bank in conjunction with IMF officials.) and for the net demands made by monetary and credit organs on the federal and enlarged government (which is defined as the consolidated federal government and local administrative organs, as well as all state nonbudgetary funds). Moreover, targeted indicators will be established for the volume of net official international reserves.

2. As of 1 January 1995 the government and the CBR have put a stop to the practice of providing new centralized credits. The refinancing of commercial banks will be effected solely through auctions and other market mechanisms. In the first half of 1995 the CBR will embark on operations to rediscount bills and provide lombard loans. During 1995 the CBR will carry out open-market operations to control the growth of the net internal assets of monetary and credit organs in accordance with the targeted indicators of the credit and monetary program. In the second half of 1995 the CBR will embark on repo operations using state securities issued on market terms.

3. The CBR will set a refinancing rate as well as rediscounting and lombard rates, and all of these will be maintained at the level of the existing benchmark interbank rates calculated for loans with comparable redemption periods, or in excess of these rates [ili prevyshayushchem eti stavki].

4. In 1995 the government will not provide budget loans at rates below the benchmark interbank rate, nor will it provide interest-rate subsidies for loans provided from other sources over and above the amounts envisaged in the adopted budget. In 1996 there will be no budget loans at interest rates below market rates, with the possible exception of the allocation of funds in advance for federal transfers to the regions. The government will not permit any deferment of interest payments or any writing off of principal by domestic borrowers on loans granted at the decision of the Commission for Financial, Credit, and Monetary Policy, with the exception of the possible assumption by the federal government of some of the CBR's accumulated outstanding claims under direct loans granted to agriculture and Northern regions in 1992- 1994.

The decisions of the CBR and the Commission for Financial, Credit, and Monetary Policy as regards commercial bank lending will take account of the growth ceilings for credit and monetary organs' net internal assets, the movement of funds in commercial bank agent accounts to the CBR, the repayment of previously issued refinancing loans, and the need to strive to maintain realistic interest rates. The government will not provide guarantees for loans issued by commercial banks using funds not envisaged in the adopted budget.

5. The government and the CBR will not issue credits or state loans to offset defaulting by enterprises.

6. The CBR in close cooperation with the Russian Federation Federal Assembly has drawn up new legislation regulating the CBR's status and the activities of the commercial banks. The adoption of new laws will strengthen the CBR's ability to regulate and monitor commercial bank operations. The CBR's Board of Directors will be expanded and a National Banking Council will be set up, which will make it possible to comprehensively analyze economic policy and more clearly determine the CBR's strategic tasks.

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II. Relations Between the Bank of Russia and the Finance Ministry

7. The CBR and the Finance Ministry are elaborating the organizational structures needed to ensure proper coordination of credit, monetary, and budgetary policy and to control state debt and currency policy, including:

a. Regular consultations at department-leader level on the most important issues of macroeconomic policy;

b. An exchange of information on the implementation of the budget and the federal government's funding requirements, the situation in the credit and monetary sphere, and in financial and currency markets;

c. The CBR will control the size and structure of net international reserves on the basis of consultations with the Finance Ministry. To this end a special working group will be set up with the participation of the CBR and the Finance Ministry, and its working powers will be determined by 1 April 1995.

III. Tax and Budgetary Policy

8. In 1995 the government is consolidating in the federal budget all nonbudgetary funds formed from compulsory enterprise deductions, with the exception of the Pension Fund, the Federal Compulsory Medical Insurance Fund, the Social Insurance Fund, and the Employment Fund.

The practice of setting up sectoral funds formed on the basis of enterprise deductions removed from the tax base (see Appendix) has been abolished as of January 1995. The government, in conjunction with corresponding nonbudgetary funds, ministries, and departments, is drawing up a procedure for closing certain state nonbudgetary fund accounts and consolidating those funds into the federal budget; it will be conducting operations using budget fund accounts, and also ensuring that corresponding changes are made to existing Russian Federation legislation regulating the status and operations of these state funds.

9. The government will establish quarterly ceilings for the enlarged government deficit in accordance with the Appendix. The enlarged government deficit in 1995 will not exceed 80.2 trillion rubles [R] (as officially determined). In line with this targeted indicator the government will establish for the federal budget deficit—which will not exceed R73.2 trillion in 1995 (as officially determined)—the quarterly ceilings with monthly maximum indicators ratified in the budget adopted by the Duma on second reading 25 January 1995. The government will strictly monitor the dynamics of state debt.

10. In order to ensure that these indicators in the tax and budget spheres are attained, the federal government will implement measures to increase federal budget revenue, as described in the Appendix. The federal government will limit its expenditure to the total income actually collected and the size of the deficit set out in Paragraph 9.

11. The government will make a special effort to improve tax collection. The State Tax Service will implement the following measures: (1) the compulsory use of a system of invoices for the levying of VAT in order to facilitate inspection and control the collection of VAT; (2) the requirement that taxpayers maintain separate records of purchases and sales as an accounting measure; (3) the measures currently being taken to implement a system of invoices when levying VAT at the wholesale level will in the future be extended to the retail trade as well; (4) it is planned to further extend the program for modernizing the tax collection system to the oblasts and to take measures to ensure the proper coordination of the various projects to computerize the system; (5) a group of expert auditors will be set up at a State Tax Service main administration to draw up and introduce a more efficient auditing and planning mechanism; (6) a small working group will be set up to collect tax arrears; (7) more funds will be provided for the activities of the aforesaid main administration. The government will refrain from granting new tax concessions and will oppose pressure from other structures demanding the granting of new concessions.

12. The government will increase its efforts to expand the noninflationary funding of the deficit through borrowing on the domestic financial market on a market basis in order thereby to finance a considerable proportion of the total federal budget deficit in 1995. In order to achieve the envisaged level of domestic funding, the government, in conjunction with the CBR, plans to take the following measures:

a. To develop regional markets in state securities by setting up additional trading floors on Russian territory;

b. To attract additional savings from the population by: improving access to state securities for small buyers with the help of bank services; offering state securities at interest rates closely linked to the yield on short-term state bonds with comparable redemption dates, including floating-rate notes;

c. To change the structure of state debt redemption periods (with the exception of the federal government's unredeemed direct debt to the CBR) by issuing longer-dated bonds, taking the level and structure of interest rates into account, as well as the government's ability to service the debt;

d. To carry out direct placings of treasury bonds at market yields with large institutional investors;

e. Throughout the first quarter of 1995 the government will monitor the situation so as to ensure that the net amount (calculated as indicated in the Appendix) of outstanding treasury bonds issued at interest rates below the market rate for comparably dated securities does not exceed the net amount of treasury bonds outstanding at 1 January 1995. Treasury bonds issued subsequently will be redeemed not later than 1 April 1996, and will expire by 1 July 1996. As of 1 April 1995 the government will

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reduce the net amount of outstanding treasury bonds in line with the timetable carried in the Appendix. Moreover, the government will not issue securities with interest rates below the market rate for comparably dated securities;

f. To embark on the implementation of the program to issue state medium- and long-dated securities carrying a coupon;

g. The government intends to streamline its deferred obligations on the commodity debt; provision for the requisite funds has been made in the 1995 budget.

13. The government will not use direct CBR credits for the purpose of financing the budget deficit, with the exception of a short-term loan totaling not more than R3.475 trillion over the first three months of the year and within the limits of the amount indicated in the credit and monetary program and due to be redeemed within six months. Apart from this loan and in accordance with the provisions of the Appendix relating to possible intervention on the primary market, the CBR can increase the level of its claims on the government only by acquiring federal government securities on the secondary market. During 1995 the government, in consultation with the CBR, will submit to the Duma a law on the conversion of all direct CBR credits to the government that have not been redeemed by their conversion date into medium- and/or long-dated securities carrying a coupon; it is planned to complete this process by the start of 1996.

14. By 1995 the government had consolidated in the federal budget all operations connected with foreign currency or precious metals and stones. As of 1995 the government will prepare quarterly reports on the consolidated execution of the federal and local budgets, including all nonbudgetary funds.

15. In 1995 the transition to the implementation of the federal budget through the Treasury will be completed. During 1995 implementation of the budget and reports on budget implementation will be switched to a new classification system corresponding on the whole to the IMF's state financial statistics (GFS) methodology.

16. In 1995 the government will publish regulations governing state purchases and applications to take part in them on a competitive basis. As of 1996 these regulations will apply to governments at all levels, including local authorities. By the end of 1995 new procedures for monitoring federal expenditure will be introduced.

17. No later than 1 July 1995 the government will develop a medium-term strategy for fiscal and budgetary policy which will strive to reduce the budget deficit to around 4 percent of GDP in 1996 and around 3 percent of GDP in 1997. This strategy will include comprehensive improvements to the tax system and legislation and a rationalization of the level and structure of government expenditure in the medium term.

18. During 1995 the government will submit for Federal Assembly examination a new tax code which will strengthen the legislative base of the existing tax system; it should be adopted in 1996 and introduced in 1997. The government will submit further initiatives for tax reform, including in the sphere of determining sources of income and the further abolition of tax concessions. The tax system will be simplified and the number of taxes reduced considerably. Taxes will be introduced more extensively in the form of withholding taxes, and other measures will also be taken to increase the amount of tax collected and the combat tax evasion. The system of levying taxes will be reorganized on a functional basis, and the powers of tax organs will be brought into line with the demands of a market economy.

IV. Policy in the Sphere of the Exchange Rate and International Reserves

19. The government and the CBR will develop and improve the functioning of the foreign exchange market, while preserving the principles of the system of a single exchange rate. No restrictions will be introduced on the market principles of the formation of the ruble exchange rate. The CBR and the government pledge to develop appropriate tools for monitoring the foreign exchange markets. In order to ensure a more efficient definition of the exchange rate a comprehensive analysis is required on a daily basis of information on exchange rates and trading volumes on the foreign exchanges and the interbank currency market, as well as on operations involving cash foreign currency through exchange centers. In the first half of 1995 the government and the CBR will begin consultations with the IMF with a view to adopting the commitments under Article VIII of the IMF's Articles of Agreement.

20. The government and the CBR intend to continue adhering to a system of a floating exchange rate, restricting intervention by credit and monetary organs in the foreign exchange markets to operations in line with the credit and monetary program to smooth out exchange-rate fluctuations. They will examine policy in the sphere of the exchange rate in the light of the development of the macroeconomic situation.

21. The Central Bank of Russia, in consultation with the Finance Ministry, will control the size and structure of official net international reserves in accordance with the overall goals of credit and monetary policy. The minimum level of credit and monetary organs' net international reserves will be restricted to targeted indicators in line with the Appendix. Credit and monetary organs' gross international reserves should be no less than $11 billion by the end of 1995.

V. The Balance of Payments and Relations With Creditors

22. The government will take measures to encourage exports equal to the efforts to integrate the country into the international trading system through its expected

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admission to the World Trade Organization (WTO). The government will also encourage inflows of foreign investment by: (1) improving the methods of regulating the capital market with a view to attracting portfolio investment; (2) improving tax and other necessary legislation. The government will examine questions of the provision of loans to the CIS countries in the context of settling their debts to Russia for deliveries of oil, gas, and other resources. Moreover, the provision of financial aid in the form of the restructuring of deferred obligations of debtor- countries implementing programs using IMF funds will be examined on the basis of a comparable approach among creditors. The government intends to hold consultations on the possibility of Russian participation in the Paris Club of creditors.

23. Given that the funding requirement for the Russian Federation's balance of payments in 1995 is estimated at $31 billion, the Russian authorities intend to attract financial resources from the IMF in the form of a standby credit agreement, rehabilitation and certain other World Bank credits, other official credits, and external financing from private sources. The government also intends to conclude agreements with its creditors on the further restructuring of its foreign debt in line with the budget funding required and Russia's ability to repay its foreign debt.

24. Taking account of the amount of foreign debt servicing in the next few years and the fears that the approach being taken to the restructuring of foreign debt will lead to further deferments, which could have a negative impact on the country's reputation, the government intends to elaborate a new approach together with investors which will make it possible to ensure an appropriate solution to the debt problem over the medium term. The government will get in touch with creditors following approval of the IMF Board of Directors' standby credit request, and expects a comparable approach from all categories of creditors.

25. The authorities have set maximum levels for foreign borrowing, as indicated in the Appendix. The government attaches paramount importance to reaching agreement with all its foreign creditors on restructuring the debts owed to them. The progress of these negotiations will be discussed with IMF officials. All obligations relating to the current servicing of debts which are unsuitable for restructuring will be redeemed at the proper time.

26. The government will strengthen the system of monitoring foreign loans, including government-backed foreign loans; part of this process will be a system of accounting that makes it possible to ensure regular inflows of rubles [rublevoye pokrytiye].

VI. Structural Policy and Institutional Reforms

27. In 1995 the government will continue implementing the program for the monetary privatization of state property that was begun in the second half of 1994 and aimed at restructuring enterprises and stimulating investment. The lists of bans and restrictions under the privatization program will be substantially reduced. In order to carry this plan out effectively the government intends to prepare and publish a federal program (timetable) of sales of state property in 1995, to draw up clear-cut criteria for the sale of federally owned blocks of shares, and to involve organizations operating in the capital market—including foreign investment banks. The government will make every effort to create the necessary legislative and organizational conditions to provide national regulations [rezhim] for foreign investors participating in privatization, as well as guarantees that these regulations are in line with the standards adopted in the international community. The government does not intend to place any restrictions on the participation of foreign investors in privatization, apart from those already laid down in current national legislation. In order to attract investors with an interest in controlling and running certain enterprises with a view to developing them long-term, major blocks of shares (comprising a considerable proportion of each enterprise's incorporation capital) will be offered at money auctions and investment tenders. To this end the timetable for the sale of blocks of shares in the most important enterprises will be published no later than two months before the date of the sale. The timetable for the sale of blocks of shares for all of 1995 will be prepared by 1 April and published by 1 May 1995.

28. On the basis of the infrastructure created in the process of check privatization the government will shortly begin implementing the monetary privatization of state enterprises and the sale of those privatized enterprise shares still in state hands. And a wide range of privatization methods will be used, including: (1) the sale of shares to workers on a closed subscription basis for cash and at preferential prices; (2) the sale of shares at investment tenders ensuring that blocks of shares are sold to strategic investors; (3) the sale of shares at commercial (or competitive) auctions or through stock-market offerings; (4) the monetary sale of whole enterprises at auction or investment tenders; (5) the monetary sale of leased property to the lessees.

29. State policy in the sphere of prices and price formation in 1995 will be to develop a system of free market prices and tariffs in line with the development of competition and an efficient market. The government will ensure abolition of controls over prices and profitability normatives, including in the wholesale and retail trade, with the exception of the cases indicated in the draft law on natural monopolies proposed by the government. With regard to natural monopolies the aim of pricing policy will be to improve the methods of regulating prices and tariffs for electricity, shipments by rail and pipeline transport, certain communications services, and prices and tariffs for the output and services of other natural monopolies, the list of which is contained in the

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draft law on natural monopolies proposed by the government, and, moreover, prices and tariffs for output bought exclusively or mainly by the government (see the list in the Appendix).

30. With a view to preventing any further growth in mutual debt between enterprises used to avoid tough budget restrictions, the Finance Ministry intends to make possible and encourage the use of standard-format bills of exchange, which will be used by enterprises for accounting purposes and to guarantee their mutual debts. The introduction of such bills of exchange along with the sale of privatized enterprise shares to major investors will help to solve the problem of insolvent enterprises and accelerate structural reforms in industry. The government will not have any responsibility for these bills of exchange; strict criteria for their possible rediscounting will be laid down by the Central Bank of Russia.

31. The government will accelerate the process of implementing land reform. It will ensure fulfillment of the presidential edict on the regulation of land relations and the development of agrarian reform in Russia. In particular, the issue of land-ownership certificates to all landowners will be ensured and the process of staging land auctions will be accelerated. The law on the registration of land-ownership rights and the law on mortgages will be submitted for examination by the Federal Assembly by 1 May 1995. Moreover, an act of legislation permitting the sale of land currently occupied by enterprises will be submitted to the Federal Assembly. The government will also implement programs to abolish the current restrictions brought in by certain Russian Federation components and local authorities on the sale of leased land, commercial buildings, and structures designed for commercial use by privatized enterprises.

32. In 1995 the government will start implementing a comprehensive reform of the systems of pension provision, social welfare, health care, and unemployment and education benefits. These reforms envisage the introduction of personal pension accounts, as well as personal medical and social insurance policies. Private pension funds and insurance companies will be entitled to compete with corresponding state funds in the servicing of pension accounts and the sale of medical and social insurance policies to the population. The first steps will be taken to develop a system to provide social benefits based on assessments of each recipient's personal income. Voucher schemes will be introduced in the system of secondary education and unemployment retraining. Measures will be taken to encourage the privatization of medical and educational establishments.

33. The government will increase the effectiveness of the system of social protection for the population and the targeted provision of social benefits for vulnerable categories of the population. The level of social provision will be increased, particularly as regards unemployment benefit. In particular, the government intends to submit for examination by the State Duma by 1 July 1995 a proposal to increase the level of unemployment benefits and reduce the level of the use of Unemployment Fund monies used to support certain enterprises. Moreover, the government is developing a plan for a privatization program or the gradual transfer to local organs of power of social sphere institutions that are currently controlled by enterprises. (Other planned measures relating to the system of the social protection of the population are described in the Appendix).

VII. Foreign Trade

34. The general thrust of government activity will be to continue the liberalization of foreign trade aimed at further integrating Russia into the world economy. The main aim of the government's trade policy is to create the conditions to make this process rapid, efficient, and based on the laws of the market. The state's regulating role, if such a role is considered necessary, will be limited to recognized international standards and implemented in full accordance with WTO regulations and norms. As a general rule it is proposed that there be no quantitative restrictions on the Russian Federation's import-export operations. Quantitative restrictions in the form of export quotas can be introduced by the government exclusively with a view to Russia's fulfilling its international commitments. Other nontariff restrictions on foreign trade—including import and export licenses for specific types of output and bans on exports and imports—can be introduced exclusively with a view to ensuring law and order in the country, preserving the state's defense capability and international security, safeguarding the population's health, protecting the environment, and preserving the cultural, historical, and archeological legacy of the Russian Federation. If it is necessary to introduce protective measures with a view to protecting domestic producers of goods similar to those imported or near- substitutes for them, these will be based on price, will be clearly defined, temporary, and nondiscriminatory, and will be introduced under a procedure that corresponds to WTO regulations and norms and takes account of the expenditure incurred by consumers and users. Similarly the institution of special exporters or importers—which could be used to restrict the number of trade participants—will not be introduced. The government will ensure that the legislation and normatives that regulate foreign economic activity accord with these principles.

35. As far as specific aspects of the export regime are concerned, following the 1 January abolition of the export quotas that still existed, this system will be used only in the cases envisaged by the Russian Federation's international agreements. No new measures—either formal or de facto—will be introduced to restrict exports, including on the compulsory monitoring of the quality and price of exported goods or on compulsory supplies to the domestic market. Centralized exports, which were abolished in late 1994, will be used solely for exports of weapons and military hardware. Exports of

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goods for state purposes will be effected solely within the framework of intergovernmental agreements. Intergovernmental agreements will not include binding provisions—in particular, domestic purchases will be carried out on a competitive basis, and international prices in agreements of this sort will be established at world levels. As for intergovernmental agreements, they will not include any concessions or exemptions as regards duty and tax, with the exception of those that already exist in agreements with the countries of the former USSR, and any elements of subsidy will be clearly stipulated in the budget. By 1 March 1995 a precise and clear market system of nondiscriminatory access to oil pipelines will have been established; it will begin operating 1 April 1995. The restrictive provisions of the system for registering export deals were abolished as of 1 March 1995, and the system of special exporters of strategic output will be abolished as of 25 March 1995. No formal or practical measures to regulate export operations will be introduced, with the exception of export duties; the government will monitor proceedings to ensure that the activities of commercial associations do not undermine these indicators. With a view to providing the government and Central Bank of Russia with the necessary information on exports, imports, and movements of foreign currency, a system of foreign trade "passports" will be utilized. As of 1 January 1996 export duty will be completely replaced by domestic taxation taking account of the need to preserve proper production and investment incentives.

36. With a view to ensuring economic efficiency and increasing budget revenue all import-duty concessions, with the exception of those included in the Law on Customs Tariffs in the Russian Federation and other laws, will be abolished by 15 March 1995, after which no decisions will be made to grant new concessions. By 1 April 1995 the government will announce the introduction of a single minimum import-duty rate by increasing to 5 percent as of 1 July 1995 all rates currently standing at less than 5 percent, with the exception of a limited number of goods (listed in the Appendix) which will be zero-rated. All other rates will be rounded up or down to the nearest multiple of five. At the same time, the government will reduce the maximum tariff rates for certain imports, thereby reducing the range of import duties—under the Appendix, certain rates of over 30 percent will be reduced to 30 percent or less. In 1996 it is planned to begin replacing most rates in excess of 30 percent with domestic excise duties. By 1 October the government will review specific import-duty rates, reducing them in such a way as to ensure that they do not exceed the equivalent ad valorem rates. Moreover, no further changes in import duties should lead to a change in the weighted-average rate. An understanding has been reached to the effect that the terms of Russia's admission to the WTO will be discussed with the GATT countries and could differ from those laid down in this statement. A plan for the gradual lowering of import duties over the next three-five years will be published by 1 April 1995. The aim of this plan will be to reduce the weighted-average import-duty rate by no less than 20 percent by 1998 and by 30 percent by the year 2000—with a top rate of 20 percent by 1998 and 15 percent by the year 2000. With a view to replacing specific import-duty rates with ad valorem rates the government will examine yet again in 1996 the expediency of steps in this direction. By 30 June 1995 the government will complete the process of harmonizing excise-duty rates for domestic and imported goods.

37. The government will not introduce or tighten restrictions on payments and transfers on current international operations, introduce or tighten restrictions on imports for balance-of-payments purposes, introduce or alter the practice governing the use of multiple exchange rates, or establish bilateral payments systems which do not accord with the IMF Articles of Agreement.

VIII. Monitoring the Implementation of the Program

38. The Russian Government and the Bank of Russia will provide IMF officials with the information needed to monitor the implementation of the program in accordance with the established timetable cited in the Memorandum of Definitions. The function of monitoring implementation of the program will constitute part of the government Commission for Financial, Monetary, and Credit Policy [title as published]. To this end a working group with the participation of representatives of the Finance Ministry, the Central Bank of the Russian Federation, the Ministry of Economics, and the IMF will be set up. This working group will hold sessions not less than once a week to examine information on the state of the money and financial markets and the budget over the previous week, and their influence on the attainment of the various target indicators contained in the program, and also to assess whether the implementation of the structural measures envisaged under the program is in line with the timetable.

[Signed] V.S. Chernomyrdin, chairman of the Russian Federation Government
T.V. Paramonova, acting chairman of Central Bank of the Russian Federation
10 March 1995

Unemployment Picture in Russia Surveyed

MM0404154095 Moscow TRUD in Russian 1 Apr 95 pp 1-2

[Article by political observer Vitaliy Golovachev: "Is One Russian in Every Five 'Superfluous'? Recent Investigations Have Produced Unexpected Results Enabling Us To Take a New Look at the Problem of Unemployment"]

[FBIS Translated Text]

Foreign Workers: From China, Ukraine, Turkey

A fine nine-story building, distinguished not only by its individual architecture and its foreign mansard roof

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instead of our usual attic but also by comfortable, spacious apartments, has gone up alongside the block where I live as though at the wave of a magic wand. A billboard is fixed to the fence surrounding the small and neat construction site: The work is being done by such-and-such a firm, and construction will be completed 30 June 1995. There can be no doubt: On 1 July tenants will start moving into the new apartments.

The building is being built by Turks. They do not have smoking breaks. On completing their shift, they are driven off to a hostel in a pretty old bus which resembles a big automobile (such as can no longer be found in Moscow). Black-bearded guys pack into the bus, and the burned-out muffler roars so that all around know that the shift has ended. They economize on everything here, and on nonproductive expenditure above all. But this is the question: Why are workers brought from overseas, when last January, for example, half a million Russian construction workers were on compulsory leave on the management's initiative? They answered me that this was because Turks work better, more productively, more neatly, and to a higher quality, with the result that construction is less costly.

Last year organs of the Russian Migration Service issued official permits to enterprises and to individual citizens to recruit 192,000 foreign workers from 100 states. But this ceiling was not reached—**129,000 people** actually came to Russia. Most from Ukraine—55,000; China—20,000; and Turkey—12,000. Some 11,000 arrived from Europe, which is alluring to us, having concluded a contract; 5,900 from South Korea, and 1,300 even from the distant American continent. It is curious that foreign manpower was used not only in such a rich and large city as Moscow (15,200, while the number of official unemployed in the capital is 19,100) but also in Belgorod and Rostov Oblasts, Maritime Kray, the Khanty- Mansiysk and Yamalo-Nenetsk Autonomous Okrugs.... Half of the foreigners work in construction, one-third in industry, and the rest in agriculture, transport, and other spheres of the economy. This does not, of course, include the Vietnamese and other foreigners employed in "shadowy" trade business, in unofficial firms, etc.

We Have Crossed the "Red" Line

Understandably, the 129,000 who have come from abroad do not yet call the shots on the Russian labor market, where, according to the data of the State Committee for Statistics, there are already, in fact, **5.5 million unemployed** (that is, people who are looking for work and do not have work). They do not necessarily come to the labor exchanges, but this does not make the problem any less acute. Over the past two years the total number of people employed in the country has fallen by 2.7 million.

Whereas in 1992 the proportion of "superfluous people" stood at 3 percent, and at 5.3 percent in 1993, last February it stood at 7.4 percent. Thus we have already gone far beyond the maximum "red" line for unemployment (5 percent) that is considered permissible in world practice for a while—when carrying out the structural restructuring of the economy. The trouble is, however, that we still have no large-scale structural restructuring, and working people find themselves out in the street not because of a plant's modernization or a switch to new automated technology but in connection with a cutback in production. Figures attest to growth in alarming trends. Last year alone over 1 million people were dismissed by the management owing to the elimination of jobs. A further 2.5 million jobs were eliminated after working people left of their own volition or retired on pension. **A loss of 3.6 million jobs** in one year. This is reminiscent of a collapse....

The most alarming thing is that the situation will continue to become exacerbated this year. Many plants are only pretending to keep afloat. In January 2 million people were working incomplete worktime in large and medium-sized enterprises, and 3 million were on compulsory leave (at the same time half of them received no money). The scale of incomplete employment is so great that this has even affected the average length of the workday, which has fallen by almost 90 minutes in a large sector of the economy and stands at an average over the year of 6.79 hours. Under other conditions this could be a social achievement, but in this case we are talking of a social tragedy.

The Hidden Part of the Iceberg Will Become Visible

The following fact attests eloquently to the potential for the upcoming spread of unemployment: With a 15-percent drop in GDP last year, the number of people in employment fell by just 2.1 percent. The picture is even clearer in industry: reduction in production processes—21 percent; reduction in the number employed—8 percent. In other words, artificially restrained unemployment, hidden in the guise of compulsory leave, will soon be sure to become manifest. According to specialists' estimates, a further 2 million people will find themselves out in the street this year (not counting those who will be found jobs by the employment services or who will be sent off to study, will go into small-scale business, or will be accepted in new jobs). Thus, by the end of the year there will be over 7 million unemployed. Not the best situation for the democrats in the upcoming elections.

But even this is still not all. Hidden unemployment is not confined to incomplete employment. This is just its visible manifestation. There is also the invisible part of the iceberg—when a working person's qualifications are used only in small part (a computer programmer in the role of a janitor) or when people work with deliberately low productivity (one experienced worker could carry out what three do). Taking this into account, specialists of the State Committee for Statistics estimate the overall size of hidden unemployment at 8-9 million. If you also add the 5.5 million who are actually unemployed, it turns out that our economy does not need 14.5 million people today. The figures show how acute this problem

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has become in the country: **One Russian in every five (from the economically active population) turns out to be "superfluous...".**

The situation is hardest of all in industry. An incomplete worktime regime was established for 1.5 million people in January, and over 2 million more were on compulsory leave. In other words, **one industrial worker in every four** has distinctly felt the awful breath of approaching unemployment. Potential unemployment, accompanied by low incomes, is compelling many people to leave enterprises of their own volition, without waiting for mass redundancies, and to seek new work. Last year **14.6 million people** (over one-fourth of the average number on establishment) **left** large and medium-sized enterprises for various reasons, including **9.4 million who left of their own volition.**

No Call for Economists, Electronics Specialists, Drivers, Fitters...

It is not easy to find a new job nowadays. Recent investigations have produced very unexpected results. Only recently it was thought that skilled specialists in the computer sphere would always be in great demand, if anyone would, as well as drivers and fitters. But it turns out that precisely drivers and fitters, as well as machine operators and their assistants, constitute the largest group among those who have been left outside the gates. **A high level of unemployment is characteristic of economists, computer operators, specialists in the maintenance of computer equipment, construction workers** (including painters and plasterers), health care workers, stenographer-typists.... When the most popular and promising professions are not wanted, this means that tangible structural restructuring of the economy is still not taking place (as borne out, incidentally, by the drop in investments, which has become critically dangerous). Against this background the already high unemployment among bakers, cookery specialists, cooks, and confectioners is not surprising—millions of our citizens do not feel like pastries today.

Less than half of the people seeking work turn to labor exchanges. The rest try to find jobs independently. Only after a couple of months, having seen for themselves the futility of these attempts, many come to the employment services. It is taking more and more time to find a job—the average now is 6.7 months, but approximately 1 million people have already been looking for work for over a year. The most terrible thing is when a person loses hope, when circumstances "break" him, and cheerless emptiness lies ahead.... Over the past year, according to official data, 600,000 Russians have despaired of finding work and abandoned the search. How will their destiny shape up?

Unemployment is rapidly "getting younger." The average age of the "superfluous" people is 34.2 years. The very prime of life! Last year 50,000 graduates of VUZ's [higher educational institutions] and 126,000 graduates of secondary specialized educational institutions did not receive a posting to a job. In all, approximately 600,000 graduates of schools, colleges, and VUZ's found themselves out of work at the end of 1994. At the same time there are quite a few pensioners (over 160,000) on the labor market. They do not have enough money to live on, and they are prepared to tackle any work they can. Although they find it hard to compete with young people, all the same jobs were found for over 20,000 pensioners last year.

If It Were Not for Small-Scale Business...

As we see, the picture is not very joyful, although it is largely explicable. How are the grave consequences of the economic crisis to be mitigated? Of course, it is necessary to revitalize the work of the employment services, extend retraining and instruction in professions that are needed (although even after this many people—40 percent—cannot find work), and make the transition finally to the creation and implementation of federal investment programs associated with the creation of new jobs. In short, the prescriptions are known, but all this will not cure the disease but will merely alleviate its course to some degree. A cardinal solution to the problem is impossible without a general improvement in the economy's health, decisive progress on the path of reforms, and support (not in words but in deeds) for **small-scale and medium- sized business.** It is precisely the expanding **nonstate sector** that must play a special role even today in stabilizing the labor market.

The first steps in this direction are being taken, but timidly and with difficulty. Although, even so, a considerable effect has been secured. By the end of last year approximately 2 million individual entrepreneurs had been registered. Approximately 6 million more people were working under contracts and agreements in small businesses. **In all, approximately 9 million people are employed in 900,000 small businesses.** If it were not for the small businesses, there would be three times as many unemployed in the country. Given the rapid reduction in jobs in medium-sized and large enterprises, it is in small-scale business that new vacancies are appearing. But the state and the legislators, apparently not noticing this, are not doing very much to help this sector to develop, not protecting it from racketeers, not creating a reliable legal base or favorable economic conditions....

Some people might regard 900,000 small businesses as an impressive achievement. But this is just a drop in the economic bucket. Small businesses in our country produce **just 8 percent** of the total volume of industrial output, but in developed countries—over half the GDP. The development of small-scale business is one of the cardinal areas of the reform. It is a great pity that both the legislators and the government underestimate this.

In conclusion, a few words about finding jobs for Russians abroad. Today a lot of firms promise to send people abroad to work. In actual fact, these opportunities are not so extensive. Last year just 8,100 people were sent through migration service organs and private firms (mostly to the Bahamas—3,982 people; and to Cyprus—1,622; but also to Greece, Germany, Japan, the United States, Australia, Panama, Liberia, Malta...). This is, of course, interesting, exotic, and profitable, but the number of people leaving

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(for six months, a year) will not exceed 15,000-20,000 in the immediate future. That is, all this will have virtually no effect on the problem of unemployment in Russia.

The government program "Reforms and the Development of the Russian Economy in 1995-1997" provides for the unemployed to be taught the fundamentals of entrepreneurship and for financial support to be given to those starting up their own business. Very good and necessary intentions. But will they be realized? I would like to hope so. Excessive exacerbation of the situation on the labor market could cast doubt already at the end of this year on the continuation of the reforms in Russia and lead to serious social complications. The problem demands effective and urgent measures. It is simply dangerous to underestimate it.

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International Affairs

Deputy Minister on U.S. Support for Ukrainian Policy

LD0404164095 Moscow ITAR-TASS in English 1621 GMT 4 Apr 95

[By UKRINFORM correspondent—TASS]

[FBIS Transcribed Text] Kiev April 4 TASS—Ukraine is satisfied that its policy meets support of the United States.

The recent official visit to Ukraine of U.S. Defence Secretary Willian Perry has provided further proof to that, Ukrainian Deputy Foreign Minister Konstantin Grishchenko told a briefing today.

Central subjects discussed during Perry's visit included the two nations' stance on the extension of the Nuclear non-Proliferation Treaty.

Grishchenko stressed that Ukraine and the U.S. "endorse the idea of termless or a possibly long extension of the treaty".

A major point in the Ukrainian-American relations now is preparation of the visit of President Bill Clinton to Ukraine.

Part of this preparation will be an April 9-10 visit to Ukraine of a U.S. delegation led by First Undersecretary of State Strobe Talbott, reporters were told by a Ukrainian Foreign Ministry spokesman, Yuriy Sergeyev.

Perry Confirms Developing U.S. Ties

LD0504094795 Kiev UNIAN in Ukrainian 1535 GMT 4 Apr 95

[FBIS Translated Text] The visit to Ukraine by U.S. Secretary of Defense William Perry has confirmed that relations between our state and the United States in the political arena are developing progressively. It is symbolic that the senior U.S. officials are first and foremost visiting Ukraine and it is here that they are beginning to familiarize themselves with the situation in the region and with problems that will be discussed in other capitals, particularly Moscow. This view was expressed at the Foreign Affairs Ministry by Deputy Foreign Minister Kostyantyn Hryshchenko on 4 April.

As Ukraine's Foreign Ministry told UNIAN, during the visit William Perry conveyed the information that the American side had agreed to terminate indefinite monitoring at the Pavlograd mechanical plant.

The practical aspects of this decision will be discussed by the Ukrainian and U.S. delegations within the framework of the joint commission on implementation and inspection of the START Treaty.

Shmarov at Sino-Ukrainian Commission Session

LD0304135995 Moscow ITAR-TASS in English 1322 GMT 3 Apr 95

[By ITAR-TASS correspondents Marat Abulkhatin and Grigoriy Arslanov]

[FBIS Transcribed Text] Beijing April 3 TASS—Ukrainian Vice-Premier and Defence Minister Valeriy Shmarov, who arrived in Beijing at the head of a government delegation, took part in the second session of the Sino-Ukrainian intergovernmental commission for trade and economic cooperation.

China attaches important significance to cooperation with Ukraine, icluding in the military and technical sphere, in whose territory a considerable part of the former Soviet Union's military-industrial complex is located. In the background of a sharp reduction in Russo-Chinese trade, for instance, trade between China and Russia was increased by 44.3 per cent, totalling 837 million U.S. dollars in comparison with 1993.

The Chinese Government attaches great importance to the development of trade and economic ties with Ukraine, said Chinese Minister for Machine-Building Industry He Guangyuan, who is co-chairman of the inter-governmental commission. The peculiar feature of Sino-Ukrainian relations is cooperation in the sphere of investments. According to the minister, there are currently 48 enterprises, including military-industrial complexes, working in Ukraine's territory with Chinese financing.

China, taking into consideration unfavourable fiancial condition of Ukraine, offers to conclude "large compensatory deals" profitable for both sides and is prepared to pay cash for Ukraine's machine-building production, including military industrial complex.

The participants in the session emphasised vast possibilities for increasing bilateral cooperation in the sphere of science, technology, metallurgy, machine-building, financing, aviation, ship-building and electronics.

"The Ukrainian Government highly values the development of cooperation with China," Valeriy Shmarov noted.

Ukraine currently is China's second biggest partner among the CIS countries after Russia.

ITAR-TASS learned that Valeriy Shmarov's programme of visit to China envisages meetings and talks with Chinese Defence Minister Chi Haotian. He will be also received by First Deputy Chairman of China's Central Military Council Liu Huaqing.

Moroz Meets With WEU Assembly President

LD0504103995 Kiev UNIAN in Ukrainian 1830 GMT 4 Apr 95

[FBIS Translated Text] Cooperation with the West European Union [WEU] is a priority in Ukraine's foreign

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policy, Ukraine's Supreme Council Chairman Oleksandr Moroz told a visiting delegation of the WEU Assembly on 4 April. He said Ukraine was keen to cooperate in the building of a new Europe and would seek full membership in the West European Union and other European organizations.

WEU Assembly President Dudley Smith who led the delegation said the Union was aware of the difficulties experienced by Ukraine following the disintegration of the USSR, adding that the developments in post-Communist states "could not but affect discussions of Europe's future and efforts to safeguard its security and stability."

Some countries of the former Communist bloc, including six Central European and three Baltic states, have already joined the Union, he said.

According to Smith, Ukraine's membership in the WEU was being considered, but the country still had to "go through certain stages of its development" and adapt its legislation to international law.

Joint Military Missions Discussed in Germany

WS0404134895 Kiev UKRINFORM in English 1011 GMT 4 Apr 95

[From the "Current Events" feature]

[FBIS Transcribed Text] As reported by the press service of the Ukrainian Embassy to the Federal Republic of Germany, a delegation from the Ukrainian Defense Ministry, headed by Major General Mykola Honcharenko visited Germany recently.

The delegates visited the Bundeswehr's Verification Center. The main aim of the visit was to conduct consultations on the conditions of carrying out joint reconnaissance missions above Ukrainian and German territories in accordance with the "Open Skies" agreement.

The two sides agreed to carry out the joint reconnaissance missions between May and June 1995 above German territory and in August—above Ukrainian territory.

Another Ukrainian inspection group also inspected two German military installations, in accordance with the agreement on conventional weapons in Europe.

The military attache at the Ukrainian embassy in Germany, Anatoliy Pushkarskyy, also took part in the delegation's activities.

Foreign Policy Goals, Priorities Remain 'Unshakeable'

LD0404213495 Moscow INTERFAX in English 1954 GMT 4 Apr 95

[FBIS Transcribed Text] Kiev, April 4 (INTERFAX - UKRAINE)—Ukraine's strategic foreign goals and priorities remain unshakeable, the head of the presidential foreign policy department, Vladimir Furkalo, told INTERFAX - UKRAINE Tuesday [4 April].

Furkalo emphasized that "securing the economic conditions for ensuring the country's sovereignty" remained the main criteria of the efficiency of Ukraine's foreign policy.

In his address, Ukrainian President Leonid Kuchma especially emphasized cooperation with countries really capable of giving economic aid to Ukraine, Furkalo said.

The CIS states remain the top priority of Ukraine's foreign policy, especially Russia, according to the address.

At the same time, Furkalo said the address pointed out the need for equal conditions in cooperation with other countries, including Russia.

Aum Sect Said Planning To Open Branch in Kiev

OW0404132895 Tokyo KYODO in English 1212 GMT 4 Apr 95

[FBIS Transcribed Text] Moscow, April 4 KYODO—The secretive Japanese religious sect Aum Shinrikyo has an application filed with the Ukrainian Government for approval to open a branch in Kiev, the capital, government officials said Tuesday [4 April].

Aum requested in September 1993 following the establishment of its largest overseas foothold in Russia that the Ukrainian authorities also register it as a religious group.

Noting ongoing investigations by Russian authorities into the doomsday sect, the officials said the Ukrainian Government has not yet reached a final decision on the request.

As founders of a possible Kiev branch, the religious group submitted a list of names of 10 Ukrainians living in the capital, among which there were no Japanese, the officials said.

The Eastern Orthodox Church and Catholic Church have been thriving in Ukraine, and diplomatic sources said Aum must have considered the religious interest as advantageous for its advance into the country.

In a related development, the Russian news agency ITAR-TASS reported Tuesday that the head of Russia's chemical and biological defense troops, Gen. Stanislav Petrov, has reiterated his denial of the suspected use by Aum of a chemical storage base belonging to the Russian Army.

Petrov told TASS that no Japanese has visited military facilities, nor have Russian Army experts helped Aum obtain chemical weapons.

In Japan, riot policemen raided Aum's facilities in full antigas gear March 22, searching for evidence that might prove the religious sect's alleged manufacture of the killer nerve gas sarin.

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Sarin, first developed in Nazi Germany, was used in the Tokyo subway gas attack March 2.

National Affairs

Kuchma's Annual Economic Report

LD0404215995 Kiev Radio Ukraine World Service in Ukrainian 0950 GMT 4 Apr 95

[Address by President Leonid Kuchma to the Supreme Council in Kiev—live]

[FBIS Translated Excerpt] Esteemed deputies. First, the higher legislative bodies have been presented with the president's annual economic report. By this action we have begun a new tradition in relations between the president and the parliament of informing openly and objectively not only the deputies' corps but also the entire population of Ukraine and the world community of the country's economic situation and the prospects for its socioeconomic development. I will just stop on the most fundamental characteristics of Ukraine's current economic and political situation. In October 1994 the president announced the state's new economic strategy, which the Ukrainian Supreme Council and the most influential political forces of society supported, and in the period that has past to put in place the practical measures to implement it. The first results from the implementation of this policy have been received. Essentially, the formation of global stabilizing factors in society has begun: the creation of an efficient economic system, a strong state, developed institutions of democracy and citizenship in society, and the raising of Ukraine's authority and influence in the international arena. The key link in the stabilization is the implementation of radical economic reform and the building of a qualitatively new economic system in Ukraine. [passage omitted]

At the same time an assessment of the economy's development in 1994 cannot be one-sided. We have to take into account that last year was the most controversial one in terms of economic results. Along with the sharp aggravation in the crisis phenomena, it was characterized by processes that point to the emergence of positive tendencies in the economy, which were determined by the following factors:

First, we have objective grounds to draw a fundamental conclusion on this that the practical limit to increasing critical processes from 1990 was the period October 1993 to January 1994, when decline in the gross domestic product reached its maximum of 45 percent. This period could be considered to be the lowest point of the crisis. If the volume of industrial production fell by 44.2 percent in the first quarter of 1994, then from that time there was a quarterly increase in the general volume of production amounting to 10.5 percent in the second quarter, 11.1 in the third quarter, and 16.8 in the fourth quarter. However, as in previous years we did not succeed in maintaining this positive tendency until the end of the year.

In December 1994 the season of winter declines in production began. First of all this is connected with the supply of fuel and raw materials to industry and the insufficient functional preparedness for rhythmic work in the winter period. In December 1994 industrial production fell by 7.3 percent and in January 1995 by 16.7 percent. [passage omitted]

However, despite all the discrepancies and ambiguities in these processes, and regardless of our political views, we should clearly realize that a new economic situation is being formed that we must take note of in the state's future economic policy. The new economic situation demands an appropriate adjustment in the practice of implementing economic reforms. What are we talking about? To reply to this question, it is first necessary to give some general explanations.

I wish to note that adjustment of reforms does not at all imply rejection of our jointly determined policy of economic transformations. Moreover, we have a favorable opinion of much that has been done in the past six months. On the one hand, the new economic trends are based on objective developments. The economic system is a living organism that cannot exist in a permanent state of crisis and depression. The economic foundations contain a sufficiently large potential not only for survival but also for self-perfection. This particular aspect is now revealing itself and pushing its way forward.

On the other hand, we have lately pursued a clearly defined and purposeful economic policy that despite collisions has given a considerable boost to these transformations. This time, the force of objective trends and the force of the economic policy were not only close in essence, but even identical in many fundamental aspects. This considerably accelerated the formation of positive potential in the economy's structure.

It would not be an overstatement to say that most of the positive trends mentioned are a result of this policy. They developed quite recently, which should not be ignored. I would like deputies to understand this fundamental conclusion. It is also indisputable that the adjustment of the economic policy does not affect its strategic targets or its basic premises, such as, first, market reform in the economy, and, second, acceleration of this process despite opposition.

I say this because the above issue, still questioned by some politicians, has long shifted from theoretical to purely practical ground. I have said it many times and want to reiterate the obvious truth that whatever market reforms we are initiating today should have been completed two or three years ago. Our current economic situation would have been a great deal better had we not wasted the previous years in idle talk about reforms but carried them through.

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Incidentally, the expansion of shadow economy and the random establishment of market entities in a deformed mafia-like criminal shape has its roots in policy miscalculations and the artificial slow-down of market transformations and economic reforms. I don't want to keep asking who is to blame. Let us instead focus our attention on what is to be done and search in this direction.

And, finally, financial and monetary stabilization should be a priority. However difficult, it must remain a priority in the future. [passage omitted]

The steady adherence to a tough policy of financial stabilization had no alternative. Taking this into account, I was forced to take unpopular decisions, knowing I would get no praises. Unfortunately, we cannot avoid such decisions in the future. At the same time, I fully realize that a tough financial and monetary policy can solve a rather limited range of problems. I also realize such a policy could not and cannot be a lasting one. Now that the main goal, to overcome the shortage of state funds, has been somewhat achieved, and the economic situation has started to change, we must realize that any further extension of this purely monetarist policy, without adjustments, can lead to an artificial slow-down or even a halt in stabilization. In this respect, we are faced with a more complicated task: to widen the range of our financial stabilization instruments, fill them with a new content, combine the main levers of macroeconomic stabilization with the means of stabilization at the micro-level, strengthen productive units financially, and increase solvent demand within the population. [passage omitted]

Now let me outline some specific aspects of our economic policy already introduced and steadily implemented by the executive authorities. I stress that we are talking about economic policy targets for this year. The first key issue is an increased emphasis on the social policy. I am confident that all of us, regardless of political views, are united in the common opinion that the state's economic policy needs adjustment in terms of strengthening its social orientation. The fall in the living standards and the increase of social differentiation have reached a limit beyond which the development of social trends gets out of control. At the same time, other aspects of the problem must also be taken into account as we determine the further course of the nation's economic development.

A new pattern of economic development is now starting to emerge. Therefore it is fundamentally important that, without middle stages, a socially orientated mechanism should be put in the basis of that pattern. Thus at issue is not just the definition of the direction of development of a purely social sphere but also the filling with relevant contents the mechanisms of the industrial, agrarian, structural, investment, and other directions of the economic policy, new approaches to which are now being defined.

Now, on the essence itself of the social policy. Its strategic points are stated in the new president's report. I underline my resolute support for those points, and I will be methodically putting them into practice. We cannot return to the bankrupt path of social levelling out, to which certain political forces are increasingly calling, in particular. This path has been rejected by history itself and by the development of the contemporary civilization; it has no future, it does not stimulate the production process, and minimizes work motivation. It does not encourage development of an individual and leads to degradation of an individual and to social and economic enslavement of a person. We have already been through it. Our people have suffered badly the other path. Five years of an economic crisis, the most destructive in human history, which we and other post communist countries are now suffering, is such an awful and, I would say, unfair payment by society, each family and each compatriot paying for the mistakes made earlier and for the blind belief in the miraculous force of levelling out. History does not forgive such mistakes.

What are the directions according to which [word indistinct] social policy of the state should be implemented? We are all aware of the fact that the primary and most important duty of the state in the period of market transformations of the economy is establishment of an effective system of social security for pensioners, invalids, children—those who are not able to provide adequate living conditions by their own work. The main [word indistinct] of the socially orientated market economy, which we are aiming to build, is first of all based on the establishment and effective functioning of such a system. However one must accept that we have done too little in that direction. We are now complaining about the financial crisis, the deficit of certain resources. It is true. Each deputy could [word indistinct] once more see that when the state budget was discussed. The situation with provision of financial resources and social policy for this year has not improved; possibly it is even more difficult than last year. Nobody—neither the president, government, or Supreme Council—has the right to ignore that objective circumstance. At the same time, according to our calculations, the available level of social allocations, despite their shortage, is such that if it is used rationally it is possible to have more tangible results of effective social support for poor citizens. [passage omitted]

However, there is another problem. The social subventions of the state implemented through many [word indistinct] subventions for housing, utilities, and transport, health care, education, development of agriculture, and others are used by all the population, both the poor and the rich, on the principle of equal access. Moreover, it is easy to [word indistinct] that the level of such usage by the rich is much higher than by those on whom those subventions should be directly targeted. [passage omitted]

To provide individual social protection, we must quickly solve a wide complex of organizational problems to do with setting up in regions, towns, and districts of special

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services of social support for poor citizens. In the near future there will be a relevant presidential decree. This extremely important task is a priority one for the government and local authorities. [passage omitted]

I call on the Supreme Council to treat this subject in a balanced manner and make relevant changes in the legislation in force. [passage omitted]

A decree is being drawn up to form a state commission for social policies, which will be tasked with coordinating the activity and reforming the system of social welfare and social security. The government is also getting ready to take significant steps in the direction of this.

The president's October report pointed to the need for a gradual transition from the policy of strict regulation as regards pay and the consumption fund to their liberalization. That is why I, in principle, back the law on pay approved by the Supreme Council. We at the same time have to understand the complexity of the problem in question as a whole, and the need to resolve it comprehensively, to take measures to stimulate the production process and to operate an effective anti-inflationary policy. Otherwise, it will not be possible to carry this law into effect. That is why I propose to have a look at it in its third reading. [Commotion in the audience.] And where is the applause? [Some ovation.]

Relevant adjustments have certainly to be made, which have been put forward by the government, alongside of working out a mechanism to bring this law into effect gradually. There can be no purely populist decision, and a balanced approach has to have the upper hand.

I call on you, esteemed deputies, to do this. Otherwise, we are doomed, as it were. Our common desire to ensure at once a five-fold pay rise today is absolutely impossible. You all understand this very well. The state simply has no such funds available.

You know how widespread the practice of untimely wage payment to the workers and employees at state and non-state enterprises and organizations has become in recent years. [passage omitted]

I shall be forced to sign a decree to take effective measures against untimely payment of wages, which, in particular, may take the form of their index-linking in line with the inflation rate in the period of delays. [passage omitted]

This issue should be regarded as an important part of the wider-ranging problem of ensuring the protection of the population's incomes from inflationary devaluation and stabilizing on the basis of this the population's living standards. This is precisely the aim we set ourselves. This is the core of all our economic policies. So let us work together to put this into practice, as slogans will achieve nothing. What is required is wise, balanced, and at the same time, effective actions.

We are faced with the urgent task of coming on top of the entire range of social problems associated with the process of denationalization and privatization, and effecting under the legislation in force the right of all citizens to being given a share of state property due to them.

Artificially restraining privatization is not constructive, deprives the state of its functions of supervision and regulation, and makes this process go out of control and ever more into the shadow economy.

The entire executive power resolutely supports and will continue to support the substantial speeding up of privatization. We will do everything to implement the destatification and privatization plans, which have been determined for 1995 and include the privatization of 8,000 large and small enterprises and 90 percent of small enterprises. This is our strategic aim, which will be persistently implemented. I have stressed this repeatedly and consider it necessary to once again reaffirm this position, which remains unchanged.

I, at the same time, share the concern of many deputies at the negative phenomena in the course of privatization. An eye should be kept almost daily on the development of trends in this area, their possible uncontrollability by the state should be prevented, and ways to resolve this problem constructively should be searched for. [passage omitted]

We have not yet sorted out a whole number of things to do with placing these vouchers, which leaves quite a lot of room for fraud and abuses. In connection with this, there is an urgent requirement for legislation to enhance the legal protection of property voucher holders. It is necessary to prevent the known negative phenomena in the process of voucher introduction in Russia. Otherwise, we shall not succeed in really attracting citizens to participation in the process of privatization and the formation of an interested owner. [passage omitted]

Another social policy area concerns comprehensive support for the entire network of institutions that form the social infrastructure: health care, education, culture, catering, and other sectors that provide direct service to the consumer. In this context, primary importance is given to comprehensive development of the agro-industrial complex. We see the agrarian sector as not just a priority, but a key factor in the revival of national economy and improvement of the living standards. At the same time we all realize that the reserves of the old economic system are depleted of practically any more or less effective means of stimulating agricultural production. During the last four years, we tried to solve problems by old means, and nothing came of it. In this situation, there is only one way to go: using reform methods based on new ownership relations, new economic structures, and new ways of regulating agrarian relations.

I would like to stress that these means of economic reform not only have been declared, but are being

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steadily implemented in everyday work. At the same time I will stress again that the state can no longer keep pumping funds into the agro-industrial complex without appropriate feedback, and, mainly, the increase of productivity, decrease of cost price, and improvement of produce quality. Today we are already facing the tough task of making agricultural production competitive. In this respect, certain officials, including those in top government seats, are doing a bad service to this cause by trying by any means to push through the parliament more and more emission credits to the countryside, write off farm debts, and so on. This shortsighted policy will eventually hit, as it always has, the countryside itself. I repeat: it has no future. Recognizing the priority of the agrarian sector, we cannot continue its inefficient funding at the expense of other economic sectors such as high-technology production and science. There should be a reasonable limit, and we must find it. [passage omitted]

Our agrarian policy must not be one-sided, supporting only state and collective farms. We cannot turn a blind eye to the fact that comparatively new agrarian businesses, with less funding, come up with a better productive performance and are more efficient. I can quote facts. This above all concerns the private sector of agrarian production. While the output of agricultural produce at state and collective farms has been falling in the past four years despite considerable state financial subsidies, output in the private sector, deprived of state support, is steadily growing. I know it is embarrassing for you. Listen to these figures. Having a share of only 14 percent of farm land, only 20 percent of cattle, and 40 percent of pigs, this sector accounted for almost 44 percent of total agricultural output in 1994. This statistic points to the need for a more flexible agrarian policy that would stimulate first of all the most viable productive units, both collective and private. [passage omitted]

Industrial policy priorities in 1995 comprise the entire range of tasks that should ensure the speediest possible overcoming of the energy crisis. Primary importance is given to the task of ensuring a regular supply of energy for the economy in the winter of 1995-1996. Appropriate organizational and financial measures are being drafted upon my instruction. The government is taking a number of specific steps to ensure steady functioning of the fuel-and-energy complex. Measures are being taken to improve the performance of the coal industry. We are paying special attention to the restructuring of this sector, which envisages upgrading of the mines by phasing out unproductive and declining extraction units and sections.

The gradual closure of loss-making mines must have effect on the improvement of the industry's financial situation and will make it possible to concentrate relevant allocations on reconstruction of the most promising mines and launching of new capacities. The liberalization in 1995 of the mechanism of pricing of the output of the mining industry makes it possible for the industry to enter market relations sooner and to attract for its development non-state financial resources, including foreign investment and credits.

The provision of Ukraine with gas is a most painful issue. We have practically not paid for its deliveries for three years. [passage omitted]

What is the way out of this difficult situation? First of all: to ensure essential reduction in the use of the "blue fuel." We must review the scale of its use by the industry and in particular by the power engineering. We will have to limit supplies of gas to utilities. For 1995, however, we plan to use just on the needs of the non-production sphere 39 billion cubic meters of gas, almost one third more than last year and twice as much than in 1990. And it is over $3 billion. The budget has no resources to afford such subsidies. [passage omitted]

We switched to world prices in external trade but did not carry out the same measure for internal settlements [word indistinct] in the non-production sphere. In essence it means introduction of the mechanism of legalized destruction of the economy of Ukraine. We buy gas from Russia and Turkmenistan at 80 dollars per 1,000 cubic meter and sell it virtually for kopecks. We must understand that the system here is extremely simple. We take IMF credits for improving the payment balance, use them to pay the debts to Russia and Turkmenistan, and later give them virtually free of charge to utilities, but in practical terms we are burning the received credit resource. It is one of the sharpest contradictions of our economy.

The step toward overcoming such a situation is inevitable and we must make it. Such a decision, however, can be successfully implemented only on the condition of political unity of all power and political institutes. We must understand that at stake is survival of the nation, and the decision must be taken with that in view. We must take into consideration the position of Russia. Russian press more than once quoted both the executive and the legislative levels stating unambiguously that energy carriers will not be supplied any more without payment.

I would consider it expedient if the president and the Supreme Council not only took such a decision but also jointly addressed the nation with explanation of the situation and the measures they intend to implement. [passage omitted]

I mean first of all liberalization of the taxation system. We have already in essence created a basis of such a policy. It is one of the most fundamental positions of the economic policy of a state, and we have agreed jointly on its principles. I would like to express hope that when the budget is being finally adopted, the tax level defined by the legislature will not be reviewed under any conditions. At issue is the most fundamental condition of survival of our economy, the main stimulating factor of production process, the strengthening of the finances of enterprises

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and organizations. I am appealing to all of you to consider this issue in a balanced manner.

According to Finance Ministry calculations, the introduction of profit tax at 30 percent equals to a tax credit that would amount in material terms to almost 167,000,000,000,000 karbovantsi, which all economic entities will receive. The indexation of capital assets, which has begun, will encourage essential increase in financial resources of enterprises. The [word indistinct] of enterprises of 25 percent of depreciation allocations was suspended in 1995. The deductions from the wages fund to the employment fund have been reduced from 3 to 1 percent. The painful and most difficult issue for our economy concerning gradual transfer of social and cultural facilities of enterprises to municipal property has been solved. [passage omitted]

Since it is basically a favorable taxation of economic entities, the use of these funds by state enterprises must become the object of strict control on the part of the state. A presidential decree is being drawn that must define the mechanism of such control. Draft decrees are also being drawn that envisage a provision of targeted financial assistance to scientific establishments and design organizations that work on innovative scientific and technical projects, as well as credit assistance to state and other enterprises that work on priority directions of production and prove high competitiveness of their goods on internal and external markets. The Economy Ministry will soon define a list of such enterprises and organizations, and their subjects, as they say. These and other measures are being worked on.

The bodies of executive power proceeded from the principle of financial support first of all for viable production structures, enterprises, and organizations that have already adapted to new realities of economic existence, that are able to use effectively those funds, to move forward on that basis, and to increase production volume quickly.

I, at the same time, have to say absolutely clearly that the state has no possibility to help every enterprise, since there simply are no funds available. Because of this, re-specializing, putting into reserve, and, in some cases, closing down inefficient production facilities is especially on the agenda.

To do so, the finances of 20 major companies, which have made considerable losses and incurred some of the largest debts, will have to be cleared up in 1995, with five large unviable enterprises expected to shut down. The procedure of bankruptcy will at the same time be simpler, with creditors to be able to seize some of the bankrupt companies' assets.

Stepping up investment activity is closely related to measures to achieve the financial stabilization of industry. [passage omitted]

We need to realize, whether we want it or not, that given the new economic situation, centralized capital investment will increasingly become less and less a matter of priority in the operation of investment policies. I would like to emphasize this particulary in connection with the debate on the state budget. We need to master a mechanism to attract commercial and private capital to the sphere of investment activity, which in my view is one of the key problems of current economic policies.

The analysis undertaken has revealed a relatively high rate of accumulation in the national economy. During the past few years, however, these resources have remained in the hands of traders and middlemen or, on a massive scale, have flown abroad, thus working for the benefit of other nations' economies.

Finally, we have to acknowledge that the tendency of growth in the population's personal savings has been observed in the past year, which is well known to be a major source of investment in Western economies. That is why the formation in Ukraine of a civilized capital market has taken on a particular significance. This process at present is just beginning. [passage omitted]

A decree has been drawn up on the formation under the Ukrainian president of a state securities commission, to be tasked with the state regulation of the stock market. Any distortions in the stock market that could discredit it in the eyes of the public from the very outset should be prevented, and there should as soon as possible emerge adequate legislation to do so.

The purposeful investment of proceeds from the privatization of state property should also become an important source of capital investment. It is impermissible to channel them almost entirely to financing the budget deficit. So this practice will have to change, with the revenue generated by privatization becoming an effective investment resource.

Another point I would like to make is that, to ensure a large scale of restructuring in the national economy, the executive authorities pay attention to forming financial and industrial groups as a means of integrating financial and industrial capital and thus speed up the investment process. [passage omitted]

So it can only be stated with regret that the Supreme Council vetoed the presidential decree to form these groups in our economy. I am well aware of the lack of legislative regulation in many points as regards resolving this problem, which is exactly why, with the decree, work was done on a relevant law that was to have removed the problems. We have no right to waste time, since the processes then will develop spontaneously and go out of control. I would like to propose that the Supreme Council and I should together reopen the debate on this important problem and find a common solution. [passage omitted]

In terms of the fundamentals of our investment policy, it should be noted that Ukraine itself can act as a quite large investor abroad. Its investment sector today and more so in future can occupy an important place in the

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capital markets of other countries, which particularly applies to our traditional industries such as steel; electricity; hydrotechnology; melioration; and pipeline, road, railway, and port construction.

Let us now deal with increasing the managability of the economy as one of the most urgent problems in the range of economic policy subjects. I am just half done so do make yourselves comfortable. [passage omitted]

In connection with today's decision, the issue of the prime minister and the government and, in relation with this, another of radical reform in the central apparatus of state management are at the top of our agenda. We have devised an outline of reform in the organizational structure of executive power and its branches that envisages its gradual transition to 16 to 18 ministries, a substantially greater role and responsibility in the government of a minister being of especial importance in this outline. [passage omitted]

It is expected that there will be personnel, organizational, and structural changes in the government right after the law on power is passed. As well as the government structures, the presidential administration is to be essentially reformed, with the latter's effort to focus on forming a strategy of our state's domestic and foreign policies on the basis of the president's economic, social, and political doctrine. Our plans include considerable job cuts in the central and local state executive authorities.

An important tool for strengthening control of the economy is an effective budget policy. We must admit self-critically that we have not mastered its implementation sufficiently. A presidential decree has introduced changes to the state planning system. Starting this year, priority is given to budget planning. This considerably increases the responsibility of executive and legislative authorities for the quality of forming budget indices, their feasibility and economic justification. We must stop kidding ourselves. Without a real budget we cannot even speak of getting economy under control.

In this context, I would like to stress the urgent need for a law on Ukraine's budget system. Several drafts have already been prepared. We also need to simplify the taxation system. I would ask the Supreme Council to pass a package of tax policy laws by 1 June this year. This is the only way executive authorities can prepare the 1996 budget in time. We must think of it right now.

Another aspect of the issue is stability of the tax policy. As soon as the legislative package on the tax system, which is to become Ukraine's tax code, is prepared, I intend to introduce a draft law under which any changes to the established tax system will require two-thirds of the parliamentary vote. At the same time, we must take radical measures to overcome national economy's greatest evil, mass tax evasion. According to existing estimates, the state treasury fails to receive over 40 percent of tax payments due. To overcome this phenomenon, we need an appropriate legislative basis. We need a law on income declaration. It is an extremely important law. Strengthening tax discipline at all levels must become one of the main areas of government activity in the economic sphere. [passage omitted]

Our everyday economic activities and life itself require essential changes to the management of the banking and credit sector of the economy. We cannot tolerate the fact that executive authorities today are virtually unable to affect the development of this key sector of national economy. It must also be stressed that the growing monopolization of banking and credit management by a sole corporate body, the National Bank, does not only make it unable to pursue an efficient monetary policy—that is successfully perform its main function—but also makes it impossible to control activities of institutions subordinate to the Bank. Numerous abuses in the field of banking and credit are convincing evidence of this fact. The main principles of reform in the management of banking and credit activity were outlined in my October speech. I stand for the full independence of the National Bank, not from executive but also from legislative authorities. Its activity must be regulated by active legislation only. No state bodies or officials can interfere with the issues, which are by law within its remit. This also concerns such a sensitive problem as monetary emission. It is the business of the National Bank. It alone bears full responsibility for the stabilization of monetary emission and has to have all the necessary tools of independent policy implementation. I hope the above theses will be reflected in the law on the National Bank of Ukraine submitted to the Supreme Council. It is an international rule. [passage omitted]

While on the topic, I must raise the issue of the monetary system and monetary reform. I want to inform the deputies that we have decided to publish in advance a presidential decree regarding the schedule and procedure for its implementation. The reform, as I said more than once, will not be confiscatory, hence no need for secrecy. At the same time we want to put an end to speculations on the issue, which artificially and not without personal profit in mind are being spread by certain officials.

An increasingly important part of the above complex of problems is the improvement of state regulation of foreign economic activity. Its liberalization does not at all mean total removal of the state's role in the developments taking place. But there is a danger of that. A number of important draft laws are being prepared upon my instruction to determine further strategy in Ukraine's foreign economic policy. We are talking about a state program for the development of Ukraine's export potential, the concept of the country's economic security during liberalization of foreign economic ties, and a state program for setting up free economic zones. Specific steps in this direction have been made in Transcarpathian and Volyn Regions. I invite deputies to cooperate constructively on this issue. It is extremely important to improve radically the existing legal framework

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regulating foreign economic activity. Adjustment must be made to procedures laid out in the laws and acts on foreign economic activity and foreign investment.

The passage of laws on currency regulation, transnational financial and industrial groups, concessions, export credits, foreign economic risks, insurance, and other subjects should be sped up. This will be conducive to greater trust in Ukraine as a reliable and established partner in foreign economic activity, and will help efficiently realize our aim of forming a civilized, open economy.

And, finally, another point is that we should raise the quality of government decisions. [passage omitted]

Not infrequently, this or that legislative act or normative document shields a purely departmental or, at times, quite a selfish private interest. To prevent the above negative phenomena, a decision is to be taken to form a center of assessment and analysis.

We should also take greater care about heightening the prestige and raising the status of a civil servant. A presidential decree is being made ready now to set up a multifunctional system of training and retraining for civil servants. It is planned, in particular, that the institute of state management and self-government under the Cabinet of Ministers will be reorganized into an academy to train civil servants. Estimates show that we shall have to ensure the training and retraining of around 2,000 specialists per annum, which is a problem currently being tackled by the government.

Esteemed people's deputies. Allow me to go on to deal with the second most important factor in the stabilization of society, which is a strong democratic state governed by law. [passage omitted]

Unfortunately, as I have already said, we have made no substantial progress in the past (?few) years in finding a solution to these acute and topical problems. The creeping crisis of state power continues in Ukraine. The divided and torn system of state power engenders instability in the very system of state authorities. [passage omitted]

The above graphically illustrates the need for the Supreme Council to consider urgently the draft law on state power and local self-government and put its provisions into practice. At issue is effectively a political reform of the state. The situation in our society tolerates no further delay in a decision on this issue. With this draft law passed by the Supreme Council at its first reading as long ago as in December of last year, the parliament has not yet given it final consideration. However, a commission representing all parliamentary groups and the presidential administration have now agreed the differences of substance, which essentially opens the way for the final approval of the law, and I would like to ask the Supreme Council to return to it without delay.

I would once again like to draw your attention to the consequences that continued disagreement in this respect between the president and the Supreme Council may have. Right after the passage of the law on power, our common efforts should result in a legislative act that will regulate the activity of the Cabinet of Ministers and local executive authorities. Work on a draft Ukrainian constitution should at the same time be intensified and mechanisms of its passage should be put together, since it is only through this fundamental law passed with direct approval by the people that we shall be able to achieve a stable power in the political and economic system of the society and to ensure the irreversibility of the changes begun. [passage omitted]

Bearing in mind the need to step up the establishment of a new society's legislation and the urgent necessity to combine the forces of people's deputies and executive authorities in the preparation of draft laws, a decision has been taken to form a legislation initiative committee as an advisory and consultative body under the president of Ukraine. All people's deputies are welcome to take part in the work of this body. [passage omitted]

In general, we have together to produce a new regional policy. I would once again like to stress that the essence of this policy is broadening the range of the independence and responsibility of local authorities and government in settling issues of providing for the life and development of territories, towns, settlements, and other populated areas, with account taken of their local particularity, socio-economic character, culture, and history.

This decentralization of power and responsibility will not weaken but, on the contrary, strengthen the nationwide institutions of power, since it will allow us to concentrate on the key problems of nation building. [passage omitted]

Thus, the substance of a new regional policy is its sound decentralization of power and adequate division of functions, responsibility, and the financial and economic base, rather than administrative control or managerial manipulations.

Understandably, the state, in delegating to local and territorial self-government the bulk of responsibility for social infrastructure and social development, retains the prerogative of implementing nationwide social programs. It provides other social guarantees and finances for nationwide cultural facilities, educational establishments, and health care organizations, and renders financial assistance to regions. [passage omitted]

One cannot passively watch the lagging-behind of the judicial power in its development. To speed up the implementation of judicial reform and put forward specific proposals on reinforcing the courts of law and ensuring their independence in reality, I suggest that the president, Supreme Council, and Supreme Court of Ukraine should form a joint commission, instructing it

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to present to us by July of this year at the latest a coordinated concept of judicial reform.

The president once again confirms his intention to initiate the election of the Constitutional Court once the law on state power and local self-government is passed.

The state has at all costs to win a victory over the fifth power. [passage omitted]

What additional steps are planned to increase opposition to the fifth power? A decision will be taken to form a National Bureau of Investigation. To establish it as an independent law enforcement agency, a number of changes and amendments to the legislation in force are necessary, with the respective drafts to be submitted to the Supreme Council. I ask you to consider and pass them quickly. [passage omitted]

The president and government will continue pursuing the fundamental course toward maintaining peace and accord in Ukraine, averting any violent clashes or conflicts with the use of force, eliminating the subjective, and lessening the objective factors in the development of the situation. As before, we are convinced that neither economy nor society as a whole will withstand this conflict, which is demonstrated by the dramatic experience of states in the former Soviet Union.

The events surrounding Crimea are unfolding dynamically. You are well aware of them, which is why I think it possible to avoid analyzing them in detail. I shall only say that concerted efforts by the Supreme Council and the president to localize the chronic crisis on the peninsula were timely and objectively necessary.

Today there is every reason to believe that the foundation has been laid for a peaceful settlement of potentially the most dangerous conflict in Ukraine. In order to eventually restore the situation to normal, the president believes the following measures should be taken. First, the leadership of Ukraine will continue to extend further financial support to the region. Crimea is an inseparable part of Ukraine, it is the residence of our countrymen, and we cannot leave them helpless, even if to a certain extent the blame for their misfortunes lies on their own elected leaders. Upon my instruction, the Ukrainian Cabinet of Ministers met on 30 March and examined issues concerning Crimea's social and economic development. Specific measures were worked out to ensure effective functioning of the republic's economy. The president personally will control their implementation.

Second, the Crimean population must be assured that nobody is infringing on Crimea's autonomous status, that they are guaranteed their rights to their own national and cultural life, free use of the Ukrainian, Russian, and Crimean-Tatar languages, and decision-making on other issues peculiar to their republic.

Third, it is necessary to carry out every decision that has been taken. However, any possibility of the use of force must be ruled out. Upon the president's instruction, Crimea has been singled out as a zone of special responsibility for central law enforcement authorities. We will continue to perform operations aimed at increasing citizens' security, preventing any further merger of government with the criminal world, and eliminating gangster groups.

Fourth, we must preserve control over the autonomy. With this in mind, the president has issued a decree to establish a rigid vertical executive power structure on the peninsula, temporarily subordinated to the government of Ukraine. This decision also took into consideration requests from the government of Crimea, local authorities, and labour collectives. Incidentally, this situation is another proof of the need to implement the previously mentioned principles of power legislation.

We acknowledge the balanced attitude taken by the president and government of Russia on this issue. It was politically correct and to a large extent conducive to the stabilization of the situation.

The president and executive power of Ukraine have always energetically endeavored to establish democratic traditions in the public and political life of society and to lay a firm foundation of a civil society. This policy aims at forming a third stabilizing factor.

Last and this year, another eight parties have gained official recognition as all-Ukrainian, with a total of 38 registered by now. The Justice Ministry by the end of March of 1995 (?recorded) 598 public associations. A multiparty system has actually emerged in Ukraine. Now, however, the process of party mergers has begun, which, probably, is a favorable trend.

There are, regrettably, grounds for anxiety, too.

An increasingly greater number of parties crystallize the conflict of interests and the differences and contradictions in society. We are going through a variety of political fashion for the opposition that, unfortunately, in many cases shields the lack of constructive and positive programs.

Especially dangerous is politicizing our economic problems. Political bias is in the way of resolving many specifically economic issues. In particular, resistance to privatization and to cooperation with international financial organizations, and (?refusal to accept steps) to attract foreign capital to the economy of Ukraine seriously obstruct the implementation of anti-crisis policies.

We should more actively promote the elimination of these stereotypes and learned from the experience of our neighbors. [passage omitted]

Despite the acuteness of their differences, however, the parties have not overstepped the boundary beyond which a danger of a civil war is a reality. This is an important political achievement and it has to be watchfully guarded and strengthened as (?a guarantee) of maintaining civil accord. [passage omitted]

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A certain religious renaissance is now taking place in Ukraine. [passage omitted]

The president will enhance control over compliance with the laws in force concerning the freedom of conscience. All violations of law will be punishable, regardless of the office held by the offender and irrespective of the latter's affiliation with a political party or public organization. Where necessary, the status of [word indistinct] and cult buildings will return. Further to normalize the situation in the religious sphere, it is proposed that an all-Ukrainian Council of Churches should be instituted under the patronage of the president.

In multinational states, where Ukraine no doubt belongs, national policy is extraordinarily important and delicate. The aim of this is to assert the idea of Ukraine as a homeland of all its citizens who connected their destiny to Ukrainian soil. We should acknowledge that, to Russians and representatives of all other national groups in Ukraine, ours is not a second but the only native country. Accordingly, the notion of the Ukrainian people should be brought in as absolutely correct nationally, politically and socially. [passage omitted]

Trade unions play an important part in harmonizing social relations. Their active dominance of executive authorities does not allow us to overstep the boundary in the implementation of anti-crisis policies, beyond which begins a chain reaction of social explosion. The president and government understand this and look on criticism by the trade unions as a natural and necessary means of defending the population's social rights. I, at the same time, call on the trade unions to assess realistically the state's economic potential, which today is quite limited, and to abstain from industrial action. (?Demanding) social support measures that cannot be met by material resources leads to an imbalance in the budget and economy as a whole, which results in new rounds of inflation inextricably linked to the population's further impoverishment.

On the subject of consolidation in society, I cannot bypass the activity of the mass media, a mirror and a barometer of Ukrainian life. [passage omitted]

In the overall context of our course toward consolidating the Ukrainian people, preparations for the 50th anniversary of the victory in the Great Patriotic War have taken on a special dimension. This date is another stimulus toward the materialization of the idea of national unity, advocated by the president and supported by society's all sound forces.

The president will continue to make every effort necessary to ensure favorable external preconditions for the pursuance of effective domestic policies, which is the fourth stabilizing factor.

There are reasons to say that the overall result of our external political activity in the past half a year was positive. Ukraine's international authority has grown considerably, the main reason for that is our state's peace loving policy, accession to the Non-Proliferation Treaty, the beginning of economic reform, and a more active and flexible policy within the Commonwealth of Independent States.

The CIS is, as before, the area of our primary interests, which is graphically illustrated by the data in my written report. In view of the above, the fundamental conclusion that can be drawn is that these regional interests are part of our national interests. Without a concerted effort to do so, without economic stabilization in the region as a whole and without mutual assistance, it will take much longer for Ukraine to pull out of crisis and the consequences of this will be more devastating, if it is at all possible to accomplish this on our own. It is only by combining our effort that we can put an end to the ruination of our countries' industrial potential, to the loss of intellect, and to the slide to the sidelines of world development.

The policy of strengthening Ukraine's cooperation with the CIS and its strategic partnership with Russia was declared in October last year, and the government is staunchly following it. We are well aware of the opposition to this policy on the part of certain political forces. But both the president and parliament must be governed by independent economic and political calculations and geopolitical forecasts.

Equating the CIS with Russia and describing it as Moscow's tool reveals low national self-esteem, an inferior mentality, and rejection of the opportunity to use the Commonwealth in the interests of Ukraine. The CIS is an organization of 12 independent states with their own national interests and different attitudes to mutual cooperation and integration. This was proven by our latest exchanges with the leaders of Georgia, Turkmenistan, Moldova, and other CIS states.

At the same time, our relations with Russia have always been a matter of strategic importance and priority. We proceed from the understanding that integration within the CIS is inevitable. We support Russian President Boris Yeltsin's idea of multispeed integration. We also believe in the need for multilevel integration. The greatest speed can be achieved in the economic sphere, with the help of joint financial-industrial groups and transnational corporations with Russia and other neighboring states. An intergovernmental agreement could be signed to this effect. It would also be useful to prepare a Ukrainian-Russian program of support for financial-industrial groups. [passage omitted]

As for intentions to restore the Soviet Union, any resuscitation of the Soviet Union today is objectively impossible. The former union republics now differ in the nature of their economic and political systems, which cannot be reunited without the use of force in such a reorganization. There is no need to explain what consequences this policy will have. Even sincere supporters of union restoration have to understand this. History

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cannot be reversed. There should be a steadfast movement forward and a search for such new forms of the mutual relationship between our states as to lift artificial barriers between the nations in the development of their relations and provide the widest-ranging opportunities for communication and cooperation. [passage omitted]

In the last few months, there have been important positive changes in our relations with the West. It can be said, for example, that the standard of relations achieved between Ukraine and the United States, Canada, Germany, Japan, and a number of other influential Western nations is at present most favorable from the point of view of support for Ukraine's sovereignty. [passage omitted]

Concentrating the bulk of our effort on overcoming the systemic crisis in the society of Ukraine, special care should be taken in the pursuance of our defense policy and maintenance of our national security. We need to avoid by political methods any real external threats that could add to our defense expenditure, and to prevent any conflicts with our neighboring states. Ukraine will participate most actively in the system of European security, including the settlement of issues of national security in Ukraine today and tomorrow.

At the same time, we will pay due attention to building our own armed forces. All components of the Ukrainian military machinery require modernization and reform. [passage omitted]

If the legislative and executive authorities fail to find a common language and common approaches to resolving fundamental problems in society's economic and spiritual life, and to determine the basics in building a new Ukraine, we stand no chance of not only a worthy future but of survival altogether. [passage omitted]

Crimean Communists Denounce Kiev's Moves on Crimea

LD0404113895 Moscow INTERFAX in English 1019 GMT 4 Apr 95

[FBIS Transcribed Text] SIMFEROPOL, April 4 (Interfax)—The committee of the Crimean Communist Party has accused the official Kiev, which made the Crimean government subordinate to itself, of attempts "to trample on the Crimean autonomy".

The statement by the republic's party committee, which was made public in Simferopol, also says that by this measure Ukrainian President Leonid Kuchma "wants at the same time to lift the responsibility for shortcomings in the economy, the social and national policies, for the fleet break, for the growing gap with Russia and other fraternal republics". "Kuchma, who gave up his election promises, should have found an internal enemy and bring the anger of the Ukrainian people against him". The Crimea was chosen to play this role under the pretext of "numerous mistakes and shortcomings of the autonomy's Supreme Soviet," says the statement.

It says that the Crimean Communist deputies in the Ukrainian parliament "were ordered to do everything to prevent the attempts to put Ukraine on the path of the authoritarian development, deprive the Crimea of the last elements of statehood."

Government Ministers React to Dismissal

LD0404135295 Kiev UNIAN in Ukrainian 1220 GMT 4 Apr 95

[FBIS Translated Text] Kiev—Today the Ukrainian Supreme Council expressed no confidence in the Ukrainian Government, which, in accordance with the Ukrainian Constitution, leads to its dismissal. A total of 292 deputies voted for the parliament resolution, 15 voted against, and 15 abstained.

Parliament also noted a report by Ukraine's Cabinet of Ministers, recognizing its work on social welfare as unsatisfactory.

The Government's authorities are vested in its former composition until a new government is elected.

Giving the reasons for such a decision, Oleh Dyomin, deputy chairman of Ukraine's Supreme Council, stated at today's sitting that the Government has virtually not implemented parliament's resolutions and presidential decisions.

In accordance with Oleh Dyomin's conclusion, the Government has not found qualitatively new approaches to forming the state budget for 1995, efficient social welfare measures have not been elaborated, the arrears crisis has deepened, and priority sectors are not clearly determined.

Oleh Dyomin acknowledged that there are highly qualified specialists in the Cabinet of Ministers, but that they "are not united."

In an interview with UNIAN, First Deputy Prime Minister Viktor Pynzenyk stated that the government's dismissal is "a normal, civilized phenomenon." According to him, "time will tell" whether he personally will be working in the government's new composition.

In Pynzenyk's opinion, the dismissal of the whole government is better than the dismissal of individual members.

In the opinion of Deputy Prime Minister Ihor Mityukov, "it will be easier for a dismissed government to work." He explained this by the absence of a need to report to deputies.

According to Ihor Mityukov, the dismissed government could work work for a long time—"from six months to a year." In his opinion, the current composition of the Ukrainian Supreme Council is incapable of forming a new government.

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Economic Issues

President Criticizes 'Faulty' Economic Administration

LD0304162095 Kiev UNIAN in Ukrainian 1145 GMT 3 Apr 95

[FBIS Translated Text] Kiev—On 3 April, the people's deputies of Ukraine received the written report of Ukrainian President Leonid Kuchma, "Ukraine's Economy in 1994", for familiarization. The report consists of four sections, which describe macroeconomic processes, social relations, the work of the main sectors of the national economy, and foreign economic activity.

National income in Ukraine was 967 trillion karbovantsi in 1994 and decreased by 24.9 percent compared with 1993.

Gross domestic product was 1,137.8 trillion karbovantsi, which corresponds to 77 percent of gross domestic product in 1993.

This fall in gross domestic product and national income, the report stresses, is the highest in the whole of the crisis period since 1989.

Income to Ukraine's consolidated budget in 1994 equalled 520.6 trillion karbovantsi, which was 107.9 percent of the established indicators. Expenditure in the budget was 629.6 trillion karbovantsi, or 105.7 percent of the established indicators.

The non-deficit budget, approved by the Supreme Council, turned out to be unrealistic. On the whole, the deficit in the consolidated budget in 1994 was 9.6 percent of gross domestic product.

Ukraine's financial system, in Leonid Kuchma's opinion, remains the weakest functional element in the national economy.

Compared with 1993 the size of circulating assets in the national economy in 1994 increased by 350 percent, while prices increased by 560 percent. An additional 135.4 trillion karbovantsi were included, which had been taken out of circulation and invested in various types of material reserves over the norm. In accordance with the Ukrainian president's conclusion, the pressing problem in the economy is not increasing volumes but using circulating assets. It is envisaged that mortgaging of debtors' property will be introduced in 1995 to pay off accounts payable, and in connection with this, it is envisaged that the procedure for declaring enterprises bankrupt will be substantially simplified.

A characteristic of 1994 was the considerable slowing down of the rate of inflation. According to projected assessments, the implementation of pricing policy will make it possible to ensure a gradual decrease in the level of inflation to 1-2 percent per month by the end of 1995.

Last year, expenditure on maintaining the apparatus of state administration increased by 40 percent and reached 6.2 trillion karbovantsi.

At the same time, Leonid Kuchma stressed, "faulty administration remains one of the most substantial shortcomings, which essentially impedes reform of the economy." There are elements of duplication of functional authority in the activity of the government and the Ukrainian president's administration. The large number of Ukrainian deputy prime ministers does not justify itself. Taking account of this, the new structure of executive authority envisages changing over to 16-18 ministries.

Ukraine's population at the end of 1994 was 51.7 million people, which was 0.4 percent less than the corresponding demographic indicator for 1990. In 1994, the process of a natural reduction in the growth of the population continued to increase. Life expectancy decreased to 69 years. At the end of 1994, the number of pensioners was 15 million people, which exceeds the indicator for 1990 by 14.5 percent.

The average monthly wage of employees increased by 287,800 percent over the last three years and was 1,365,000 karbovantsi in 1994.

A tendency for the volumes of polluting substances entering the atmosphere to decrease was observed in the course of 1990-1994 in Ukraine. However, the rate of the reduction of pollution was low. The level of pollution in Ukraine's atmosphere is the highest among CIS countries. There were approximately 200 large emergency situations of a natural or technological nature in Ukraine last year, in which 128 people died.

Decree Envisions Shutdown of 37 Coal Mines

WS0404135095 Kiev UKRINFORM in English 1011 GMT 4 Apr 95

[From the "Current Events" feature]

[FBIS Transcribed Text] On March 9, the Ukrainian president signed a decree "On Measures Aimed at Facilitating the Development of the Ukrainian Coal Industry in 1995."

In accordance with the provisions of the decree, the Ukrainian Ministry for the Coal Industry has earmarked 37 unprofitable mines for closure.

The mines suffered a loss of 2 trillion karbovantsi [K] in 1994.

About 1.4 million tonnes of coal were mined at these coal mines in 1993—2.5 times below the sector's average, while the cost of mining a tonne of coal at the mines was between K4 and K6 million—twice the average for the sector.

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The closure will be carried out in two stages. Fifteen mines are planned to be closed in the first stage (1995-1997). Seven underground and one open-cast mines will be closed in the first quarter of this year; one will be closed in the second quarter; and four and three in the third and fourth quarters respectively.

The estimated cost of closing one mine is about K1.5 trillion. The total cost of closing the 37 mines is K24 trillion. Some 30 percent of the K7 trillion allocated for the closures planned for 1995 will be spent on social and ecological programs.

Workers who will be made redundant as a result of the closures (22,053 or 3.3 percent of the total number of miners in Ukraine) will be relocated to nearby mines.

Bank Demands Reregistration of Foreign Trade Licenses

WS0404141795 Kiev UKRINFORM in English 1011 GMT 4 Apr 95

[From the "Current Events" feature]

[FBIS Transcribed Text] The National Bank of Ukraine [NBU] has issued instructions requiring that all licenses issued for carrying out economic operations and provision of services involving payment in foreign currency be re-registered before May 1 of this year.

New licenses will be issued only to enterprises whose average monthly turnover for 1994 did not fall below 70,000 dollars. The only exceptions to this rule are enterprises which sell medicine or provide medical services. These enterprises will, however, be required to produce permissions issued by the Ukrainian Health Ministry allowing them to engage in such activities.

In order to re-register their documents, enterprises shall be required to produce the following documents:
—bank data about their foreign currency earnings;
—documents stating their banks' agreement to continue working with them;
—a commitment to carry out operations in Ukrainian karbovantsi if clients so request;
—1994 tax certificates.

The National Bank of Ukraine's statement stresses that enterprises which refuse to sell goods or provide services for karbovantsi shall have their licenses withdrawn.

On February 18, the National Bank of Ukraine moved to cancel foreign currency operations in Ukraine, but its efforts were thwarted by "insistent demands by the government" (this phrase was contained in the NBU's February 18 notification confirming the validity of the licenses).

A total of 1,100 firms currently possess the licenses. According to the NBU's data, the enterprises' monthly turnover is about 170 million dollars.

Meanwhile, the National Bank of Ukraine staged an auction on March 31 for the sale of dollar holdings. During the trading at the auction, 3,180,000 dollars were sold at a rate equal to the current official rate multiplied by a coefficient equal to 1,015.

The auction differed from previous ones in that dollar holdings were sold for non-cash dollars. The NBU justified the move by saying that such auctions could help reduce some of the tension on the foreign currency holdings market, as well as relieve banks of some of the problems connected with operations with currency holdings.

Demands were made for 3,810,000 dollars, against the 1,500,000 dollars offered.

Drobotov Chairs Meeting on Agriculture

954F1982A Simferopol KRYMSKIYE IZVESTIYA in Russian 31 Mar 95 p 1

[Article by N. Siryak: "How Is It Going, Farm Owners?"]

[FBIS Translated Text] *A group of agricultural specialists from Kiev headed by First Deputy Prime Minister of the Government of Ukraine P. Sabluk has visited Crimea. They visited several steppe regions where they learned about the state of affairs in agricultural production. On the evening of 29 March there was a meeting of representatives of the work group and the leaders of the ministry, committees, and main administrations of the agro- industrial complex and chiefs of rayon agricultural administrations. The meeting was led by Prime Minister of the Government of Crimea A. Drobotov.*

The situation that has developed in the agro-industrial complex is generally known. It has been discussed for several months in the corridors of power at all levels and in the press and in waiting lines in the stores. Indeed the record low yield of grain crops, the sharp decline in animal husbandry, the chronic shortage of fuel and lubricants, and the tangled knot of financial problems are signs of the times.

What can you say when last year the shortage of the gross output in agricultural production here amounted to 45 percent, planting and plowing have not been completed on immense areas of land, and the majority of farms in the republic have ended up insolvent.

True, with the onset of spring (and the breaks in the weather in February also helped) it was possible to improve the situation significantly. The planting of early spring crops is practically completed and in some places they have even begun to plant row crops. The situation in poultry and hog raising has stabilized and the mass slaughter of cattle has ceased. Large batches of mineral fertilizers have arrived for top dressing the winter crops and herbicides will be delivered soon, even if not in the volumes one would like to have.

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But they have left "hanging" such questions as the delivery from Chernigov Oblast of five tonnes of wheat for food. We will have eaten up our bread grain by May, and what then? There is no money in the Crimean treasury. We will be living on credit. We should get a loan for at least three or four months. All this came from Anatoliy Drobotov's introduction.

Problems of considerable interest were raised in the subsequent discussion. Thus during the past three years the combines have practically been finished off. But it is impossible to buy spare parts. Some sets of parts cost as much as several sets of equipment used to cost. And this is at the new prices: Niva 4 billion karbovantsy and Don-1500—7 billion. Nonetheless Ukraine has discovered a possibility and intends to buy from Rosselmash 3,000 knights of the steppe, as they used to be called. Some of these will also be turned over to the Crimeans, but only for an extended lease for at least four to five years. They have also managed to buy spare parts, mainly in Russia, the so-called critical imports. They can be sold on credit, but for no more than a month. It is possible to take longer but then the penalties grow to the point where they are like a noose around your neck. The "benefits" are the same for herbicides and toxic chemicals for orchards and vineyards and many other things. In principle everything is there. But the farms have no money. The only thing they are willing to pay for immediately, sweeping out all the granaries and combins, are the fuel and lubricants. Just bring them. And they do. One must say that Kiev has given Crimea the attention it deserves in this respect. Either in anticipation of a fairly good harvest or for some other reason, the fuel and lubricants are delivered on time and with regularity.

There is another important problem—water. For some it is the source of life and joy, for others—it is a pain in the neck. The water supply system in Leninskiy Rayon is threatening to fall apart. There will not even be enough for people to drink, not to mention irrigation. Irrigation will take 90 billion karbovantsy. No local budget will hold up under that. In Chernomorskiy Rayon there is an entire waterless region—a godforsaken place better known as the Tarkhankutskiy Peninsula. Billions will have to be sent there as well. Bakhchisaraykiy Rayon supplies water for Simferopol, Sevastopol, and Yalta, and its own water reservoirs (Pochtovskoye and Bakhchisaraykiy) are 10 and 30 percent full. If you do not save up in the spring you will have nothing to drink during the summer. It looks like they decided to divert 2 million cubic meters here from the Partizanskoye water reservoir.

Krymsovkhozvinprom and several others have also been permitted to sell without an excise tax the wine that has accumulated in the warehouses over two or three years. Understandably, with this intensive turnover, more will be received by the producers and the processors and trade. And the consumers of this commodity will be able to buy more for the same amount of money. But things will be difficult with exports here. The customs offices and border posts stand in the way here. For some reason it is easier with imports, to the detriment of our own commodity producers. And there is little consolation in the fact that the Massandra champagne "Prince Golitsyn" is being bought for 240,000 rubles in Moscow, and they will barely pay 7,000 for Italian. The situation is this way also because there is very little of our champagne, while there are oceans of theirs.

True, there was finally some consolation in the report. In Chisinau there was a meeting of deputy ministers for agrarian questions and it seems that they adopted a decision to create a consolidated food market on the territory of the CIS. The Baltic states are being invited as well. A market without customs or borders. The sooner the better!

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Belarus

Chyhir, Russia's Shakhray View Visit, 'Information Zone'

WS0404134695 Minsk BTK Television Network in Belarusian 1800 GMT 31 Mar 95

[Video report by E. Herasimovich and Z. Simaha]

[FBIS Translated Text] Russian Deputy Prime Minister Sergey Shakhray is currently paying a visit to our Republic. He was received today by Belarusian Prime Minister Mikhail Chyhir. The meeting, which was attended by CIS Executive Secretary Ivan Karatchenya, touched upon various issues, but the main one related to the creation of free broadcasting zone for the Mir Interstate Television and Radio Company. Following the meeting, participants answered questions from journalists.

[Begin recording] [Unidentified correspondent, in Russian] We have a program—"Dobryye Vesti" [Good News]. Does this mean that only good news should be reported from Belarus?

[Chyhir, in Russian] Belarus should report on everything taking place here. If things are good, they should be reported as good. If there are some miscalculations and failures, they should also be reported. However, all reporting should be exclusively reliable and correspond to real facts, contrary to some reports currently being aired in Belarus.

[Correspondent, in Russian] Now a question for you [Shakhray]. To what extent is your visit to Belarus devoted to the topic of broadcasting?

[Shakhray, in Russian] The session of the Interstate Coordinating Council devoted to the Mir Television and Radio Company is the main goal of my visit today. I was given a small commission from [Russian Prime Minister] Viktor Stepanovich [Chernomyrdin] to hold a meeting... [pauses] I am very grateful to the Belarusian prime minister for the conversation we had. I will tell you at the outset, so as to avoid any sensation, that the subject was not any big economic projects—they are currently being worked out by our two governments. The topic was an information zone and the 9 May [World War II victory] celebrations. I informed the prime minister how they will be organized in Moscow and confirmed an invitation from the Russian leadership. [end recording]

Lukashenka Seeks Stronger Border Against NATO

LD0404210395 Moscow ITAR-TASS in English 1929 GMT 4 Apr 95

[By BELINFORM-TASS correspondent Leonid Tratsevskiy]

[FBIS Transcribed Text] Minsk April 4 TASS—Belarus will unfailingly strive for the rapprochement with Russia "not only in the economic field but also in the sphere of defense and protection of its state border," President Alyaksandr Lukashenka of Belarus stated here today.

Speaking before participants in an enlarged meeting of the collegium of the chief department of border troops, he again drew attention to the fact that Poland and the Baltic countries were "more and more linking their interests to the NATO".

Thus, he noted, Belarus "may soon find itself in a dangerous frontier neighborhood with the North Atlantic Treaty Organization".

It will be difficult for Belarus to maintain its western border at the up-to-date level without Russia's aid. This border "in the former Soviet Union was one of the best and must remain such in the mutual interests of the two fraternal states," Alyaksandr Lukashenka pointed out.

Poland's Struzik Discusses NATO, Priests, Trade

LD0404192695 Warsaw Polskie Radio First Program Network in Polish 1700 GMT 4 Apr 95

[FBIS Translated Text] Belarus is against Poland's NATO membership. At a meeting with Senate Speaker Adam Struzik, who is paying an official visit to Belarus, President Alyaksandr Lukashenka said that the appearance of NATO troops at the borders of that country would cause tension. The same opinion was expressed by Myacheslaw Gryb, the chairman of the Belarus Supreme Council. Marek Kassa reports.

[Kassa] Senate Speaker Adam Struzik tried to convince his interlocutors that our endeavors to join NATO are not motivated by a desire to act against anyone, or by a fear of anyone, but that we want the extension of the structures which guarantee peace in Europe. He gave assurances that we want good relations with all neighbors, including Russia, of course.

President Lukashenka, when talking to Speaker Struzik, devoted much attention to the presence of Polish priests in Belarus. He did not conceal that, in his opinion, they are trying to spread Catholicism and that they are a factor in the polonization of Belarus.

Speaker Struzik replied that the presence of our priests in Belarus has no political or polonizing implications, and pointed out that Polish priests are working in all continents.

Uladzimir Syanko, the Belarus minister of foreign affairs, expressed the opinion that Poles are turning their backs on their eastern neighbors, and that they are being given an untrue picture of transformations occurring in Belarus. We are attached to independence, we are not subservient to Russia, and reforms are making progress here, he assured Speaker Struzik.

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The conversation with Prime Minister Mikhail Chyhir concerned mainly economic cooperation. They said it should be extended. Prime Minister Chyhir suggested that trade exchange calculations should be denominated in zloties, which would certainly stimulate the exchange, particularly if taking into consideration the troubles Belarus is experiencing while trying to obtain convertible currencies.

Struzik Assesses Relations

LD0404220495 Moscow ITAR-TASS World Service in Russian 1600 GMT 4 Apr 95

[By BELINFORM correspondents Aleksandr Lyushkevich and Igor Ruban]

[FBIS Translated Text] Minsk, 4 Apr (TASS)—"I wish we could coordinate our relations with NATO. We have no time to engage in militarizing our economy, we have many other problems to solve, the Chernobyl problems, in particular. And we need to know that there will be no misunderstandings on the western border".

This was stated today by Belarus President Alyaksandr Lukashenka during his meeting with Polish Senate Speaker Adam Struzik and members of a Polish delegation who are in Minsk on an official visit.

The Belarusian president noted the importance of the Polish experience, saying that his country "is more or less going the Polish way in reforming the republic's economy."

Alyaksandr Lukashenka said that Belarusian-Polish summit talks may be held in the near future, in order to find the final solution to all problems in relations between the two countries. He pledged that the 100,000 Poles who live in the republic "will feel at home in our country."

Germany Signs Anticrime Cooperation Agreement

LD0404153795 Moscow ITAR-TASS in English 1521 GMT 4 Apr 95

[By ITAR-TASS correspondent Gennadiy Temnenkov]

[FBIS Transcribed Text] Bonn April 4 TASS—A cooperation agreement against organized crime was signed by German Interior Minister Manfred Kanther and his Belarusian counterpart Yuryy Zakharenka here today.

The document provides for bilateral cooperation in measures against terrorism, drug trafficking, money laundering, car theft, counterfeiting, illegal sales of arms and nuclear materials.

Germany and Belarus will exchange information, results of applied research, consultations of experts and specialists. A bilateral commission will supervise the agreement fulfilment.

Similar agreements have been signed by Germany with Poland, the Czech Republic, Hungary, Bulgaria, Ukraine, Estonia and Latvia. Negotiations are underway with Russia and Lithuania.

President Suspends All Specialized Investment Funds

LD0404194395 Moscow INTERFAX in English 1852 GMT 4 Apr 95

[FBIS Transcribed Text] Minsk, April 4 (INTERFAX-WEST)—Belarusian President Alyaksandr Lukashenka has suspended all specialized investment funds and set a one-month deadline for a comprehensive inquiry into their activity.

As soon as the decree was issued the State Property and Privatization Ministry suspended licenses issued to all funds for transactions with individual privatization vouchers. The funds are allowed only to register on their voucher accounts vouchers received form individuals.

Presidential press service chief Vladimir Zametalin has said that Lukashenka's decision should not be regarded as an act opposing market reforms.

"One of the reasons why the president suspended investment funds is the lack of an appropriate legal basis for their effective operation", Zametalin said.

In Belarus there are about 200 professional entities acting in the securities market, including 31 specialized investment funds.

The first voucher auction was held in Moscow on March 30 and experts believe that in the wake of the presidential decree its results may be annulled.

Defense Ministry May Set Up Research Institute

WS0404121095 Minsk NARODNAYA GAZETA in Belarusian 1-3 Apr 95 p 2

[Report by Leanid Tratsewski: "The Military Needs Its Own Research Institute"]

[FBIS Translated Text] It is possible that the Belarusian Army will soon have its own scientific research institute that will actively work toward resolving defense problems of our sovereign Republic.

This topic was discussed during a meeting at the Belarusian Defense Ministry attended by chiefs of services and administrations of the General Staff, as well as commanders of combined units, formations, educational institutions, and oblast military enlistment offices. Colonel General Anatol Kastenka, Belarusian defense minister, reported about a meeting of the Security Council at which problems concerning further implementing military reform and a concept for Belarusian national security were examined.

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Also examined was the financial standing of the Defense Ministry, military discipline, and a number of other important issues.

Moldova

Shumeyko Calls for Withdrawing Russian Army

LD0404114195 Moscow ITAR-TASS in English 1044 GMT 4 Apr 95

[By ITAR-TASS correspondent Valeriy Demidetskiy]

[FBIS Transcribed Text] Chisinau April 4 TASS—Speaker of the Russian Federation Council Vladimir Shumeyko stated Tuesday [4 April] that the Russian 14th Army deployed in the breakaway Dniester region of Moldova should be withdrawn to Russia and that Moscow and Chisinau had already drafted the pullout schedule.

"The experience of the Chechen conflict shows that weapons should be urgently withdrawn from hot spots", he told TASS upon arrival on a visit in Moldova.

The mostly Russian-populated separatist Dniester region was involved in a bloody ethnic conflict with Moldova trying to win independence from Chisinau plans to unite with Romania. It was the 14th Army which restored peace in the region. Moldovan authorities want the Army to withdraw, however, the Dniester region voted overwhelmingly at a recent referendum for the troops to stay.

The speaker of the upper house of the Russian Parliament said the conflict in the Dniester region is an "internal affair of Moldova" and should be settled by political means. "Russia acts only as a mediator in the process", he added.

Shumeyko believes that the 14th Army cannot be even called Russian as only 85 servicemen out of its 6,000 men have been recruited in Russia. The rest are all local residents.

According to the speaker, the army has too many weapons: over 50,000 small arms, some 300 armour, nearly 90,000 tonnes of ammunition and all that has to be withdrawn.

He added that the Russian foreign and defence ministers had already drafted with Moldovan authorities the schedule for withdrawing the armaments, but gave no details.

Shumeyko said that the negative reaction of the Moldovan leadership to the trip of some Russian State Duma members to the Dniester region during the rerferendum on the fate of the 14th Army was "justified". Chisinau assessed the trip as "an interference into the Moldovan internal affairs".

Gagauz Formulates Rules for Regional Elections

AU0404180095 Chisinau BASAPRESS in English 2009 GMT 3 Apr 95

[FBIS Transcribed Text] Chisinau BASAPRESS 3/4/1995—The Comrat officials were consulted during the determination of the temporary regulations on election of Gagauz Yeri Bashkan (Governor) by the Joint Governmental Commission, thus removing all divergences, Vasiliy Neikovchin, Gagauz parliamentary spokesman, told BASA. According to the regulations, registration of candidates for Bashkan will be made until April 28. Each candidate has to be backed by at least 5,000 eligible voters. Neikovchin said this figure is exaggerated, because there are 100,000 voters in Gagauzia of the total of 160,000 inhabitants. In his opinion, the current Gagauz speaker, Mikhail Kendigelyan, has greater chances to win. On April 6, the Gagauz Parliament will debate the preparations for elections of Bashkan and People's Assembly. It will also examine the problem of local elections on April 16 in Gagauzia, which were suspended by the Gagauz Parliament in March 1995. Ion Ungureanu, head of the Parliamentary Commission for State Security and one of the authors of the "Gagauz Yeri-Gagauzia" law, said to BASA that "Chisinau officials have not recognized the Gagauz Parliament, and therefore, Kendigelyan may run for Bashkan as any other citizen and not as Parliament chairman." The Gagauz Yeri law acknowledges the Bashkan as the supreme dignitary in Gagauzia and all public administrative authorities are under his subordination. According to the law, "the Bashkan has to be Moldovan citizen who is at least 35 and speaks Gagauzian"; the same person can be elected only for two consecutive terms.

Pensioners, Others Join Students' Strike, Block Traffic

AU0404134495 Chisinau INFOTAG in English 1930 GMT 3 Apr 95

[FBIS Transcribed Text] Chisinau INFOTAG, 3/4/1995—The action of protest, begun by students on March 21, was continued in the city centre of Chisinau today. The young people and their teachers have been joined now by innumerous groups of pensioners and representatives of various enterprises who share the students' economic demands.

Today, the protesters were chanting: "Down with the government!"; "Long live scientific truths!"; "Today Chisinau, tomorrow the whole country!".

In the morning hours, the manifestation was concentrating only at the Central Square, with the police not allowing them to penetrate into Bulevardul Stefan cel Mare [Stephen the Great Boulevard]. However, closer to lunch time, the protesters managed to make a noisy march along the city's main street, having paralyzed public traffic for some time.

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PDAM Claims Students Want 'Unity' With Romania

AU0404134595 Chisinau INFOTAG in English 1930 GMT 3 Apr 95

[FBIS Transcribed Text] Chisinau INFOTAG, 3/4/1995—"The unsanctioned demonstrations and illegal strikes, initialed and guided by unionist forces, are pursuing only one aim: to liquidate the Republic of Moldova as such, and to unify it with Romania," reads a statement distributed by the parliamentary faction of the Agrarian Democratic Party [PDAM] today.

The socio-economic problems, being manipulated by the strike organizers, have appeared largely due to the destructive activities of the organizers themselves when they were at power in Moldova, the document says.

"And it is not at all a coincidence that the student manifestations have been provoked just before Moldova's accession to the Council of Europe as a full-right member," the statement emphasizes.

"The playwrights of the street marches sought to destabilize the situation in the Republic," PDAM believes.

The rallies at the Central Square have become ill-famous for their outrageous "insults and dirty curses against the president, Parliament and government, and cast doubt to the very existence of the Republic of Moldova, and insulted the Moldovan people. By the current legislation, such actions are prohibited and are to be persecuted by law," the statement reads.

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Kazakhstan

Agenda For Defense Secretary Perry Visit Outlined

LD0404202595 Moscow INTERFAX in English 1901 GMT 4 Apr 95

[FBIS Transcribed Text] Almaty, April 4 (INTERFAX)—U.S.- Kazakh cooperation in defense conversion and in building Kazakhstan's armed forces will be discussed when U.S. Defense Secretary William Perry pays a two-day visit to Almaty.

The Kazakh presidential press service has said that the two sides will discuss progress in eliminating SS-18 missiles still remaining in Kazakhstan and U.S. assistance in building the Kazakh fleet.

On April 5 Perry is expected to meet with President Nazarbayev, have talks with Defense Minister Sagadat Nurmagambetov, attend a session of the bilateral conversion commission and visit a mechanized infantry regiment near Almaty.

Kazakhstan's Deputy Foreign Minister Bolat Nurgaliyev has said that no documents are going to be signed in Almaty. However, "specific conversion programs will be declared".

Nurgaliyev said that the two sides would discuss specific measures to begin the dismantling of missile silos and withdraw missile complexes from operational service under the START-1 treaty.

Nurgaliyev said that Kazakhstan would not comment on Russian-U.S. differences at Perry's talks in Moscow.

"We have many aspects of bilateral Kazakh-U.S. cooperation to discuss, including those in the defense field without touching upon Russian-U.S. controversies, if they really exist", Nurgaliyev said.

Defense Minister Receives Secretary Perry

LD0504082995 Almaty Kazakhstan Television Network in Kazakh 0600 GMT 5 Apr 95

[FBIS Translated Text] Today, Kazakh Defense Minister Sagadat Nurmagambetov received U.S. Secretary of Defense William Perry, who has arrived in Almaty on an official visit.

It is expected that President Nursultan Nazarbayev will receive the guest this afternoon. Important documents are to be signed as well in the House of Friendship, to be followed by a news conference.

According to a reliable source, the U.S. Defense Department said it will send us six naval cutters.

Newspaper Closed for Fanning Ethnic Strife

LD0404141895 Moscow Radio Rossii Network in Russian 1300 GMT 4 Apr 95

[FBIS Translated Text] The general procuracy of Kazakhstan has decided to close down the newspaper KAZAKHSTANSKAYA PRAVDA for fanning up inter-ethnic strife and enmity. The editor faces prosecution.

ITAR-TASS reports that KAZAKHSTANSKAYA PRAVDA propagated ideas of ethnic exclusivity of the indigenous population and more than once sunk so low as to heap direct insults upon its fellow countrymen from an anti-Russian and anti-Semitic stance.

In connection with this, public organizations and individual citizens of the republic repeatedly demanded that the paper be closed down.

Tajikistan

Russian Commander Arrives for Command Exercise

MM0404155695 Moscow Ostankino Television First Channel Network in Russian 1755 GMT 29 Mar 95

[From the "Vremya" program: Video report from Tajikistan by Mikhail Nikulin, identified by caption]

[FBIS Translated Text] [Nikulin] Scheduled command staff and tactical exercises by Russian Federation military subunits stationed in Tajikistan opened today. Colonel General Vladimir Semenov, commander in chief of Russia's land forces, has come to Dushanbe to take part in the exercises. Since batallions of the collective peace-keeping forces are deployed in this hot spot of the former Union, taking part in the exercises in addition to the Russian 201st motorized rifle division were also Uzbek, Kyrgyz, and Kazakh subunits.

Foreign Ministry on Uzbek President's Opposition Talks

LD0404213995 Moscow ITAR-TASS World Service in Russian 1418 GMT 4 Apr 95

[By ITAR-TASS correspondent Galina Gridneva]

[FBIS Translated Text] Dushanbe, 4 Apr—The meeting between Uzbekistan's President Islam Karimov and the leaders of the Tajik opposition, which took place in Tashkent on 3 April, has given rise to an unequivocal reaction by official Dushanbe. On the instructions of the republic's government, a spokesman of Tajikistan's Foreign Ministry distributed a statement at a briefing for journalists today. This statement says in particular: Tajikistan's leaership highly assesses the positive role played by the countries of the Commonwealth in assisting a peaceful settlement of the political problem in Tajikistan, especially in establishing a political dialogue between the republic's legitimate government and the leaders of the opposition. Tajikistan's leadership has welcomed and is welcoming all constructive initiatives within this context proceeding from the United Nations and other influential international organisations and also from CIS countries and, above all, from Russia which is the most vigorous mediator in the process of ensuring regional security and stabilizing the sociopolitical situation in Tajikistan and a guarantor of peace and stability in the region.

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Understanding the importance of goodneighborly relations with Uzbekistan, the statement says, Tajikistan signed the first treaty of friendship and cooperation in its history with this sovereign country in January 1993. In this connection, the meeting between Uzbekistan's President Islam Karimov and the leaders of the Tajik opposition which took place in Tashkent on 3 April should be regarded as a logical continuation of the Uzbek leadership's efforts to assist a peaceful settlement of the process.

At the same time, the statement stresses, bewilderment is caused by the fact that the Tajikistan leadership was not officially informed of this serious political initiative by the Uzbek president, which is not in keeping with the letter and spirit of the friendship, cooperation, and mutual aid treaty between the two countries. The report that the Uzbekistan leadership intends to withdraw its military contingent, which is part of the CIS collective peacekeeping forces in Tajkistan, from Tajikistan's territory in the near future is causing serious concern to the Tajikistan leadership. If this information corresponds to reality, this step could be regarded as a definite break with the collective security treaty of the CIS countries which was signed in Tashkent in May 1992.

Efforts Continuing To Restore Peace in Republic

LD0404085395 Moscow ITAR-TASS in English 0819 GMT 4 Apr 95

[By ITAR-TASS correspondent Galina Gridneva]

[FBIS Transcribed Text] Dushanbe April 4 TASS—Tajik authorities refrain, for the time being, from any comments on a meeting (held in Tashkent on April 3) between Uzbek President Islam Karimov and representatives from the Tajik opposition, till they receive complete information on the nature of the meeting and discussed questions, ITAR-TASS learnt from Safar Saydov, spokesman of the Tajik Foreign Ministry, here on Tuesday [4 April].

Turning to the state of intra-tajik talks, the spokesman said that the Tajik leadership takes intensive moves to hold their fourth round as soon as possible. Great hopes in this connection are pinned on the coming visit to Dushanbe by Ramiro Piris Vallon, special envoy of the U.N. secretary-general for Tajikistan.

He intends to hold a series of consultations both with the Tajik leadership and the heads of the opposition. The U.N. secretary-general extended Vallon's mandate for the period of preparations and holding of the fourth round of the intra-Tajik dialogue.

Saydov noted that the country's leadership expressed serious concern over a recent statement by a leader of the Tajik opposition, Khodzhiakbar Turadzhonzod, on withdrawing from Dushanbe his representatives from the joint conciliatory commission on control over the observance of the intra-Tajik agreement on ceasefire and other hostilities both on the Tajik-Afghan border and inside the country.

Such a decision could jeopardise the political dialogue. In this connection, Dushanbe expressed a wish that opposition leaders should display greater restraint in taking serious decisions.

This is especially important at a time when efforts by the Tajik leadership and all interested countries as well as prestigeous international organisations are aimed at accelerating a peaceful settlement of the intra-Tajik issue, Saydov stressed.

Turkmenistan

Parliamentarians Depart for Training in U.S.

LD2903163595 Ashgabat TURKMENISTAN in Turkmen 20 Mar 95 p 1

[FBIS Translated Text] A representative delegation of Turkmen parliamentarians led by A.S. Ryzayev, the deputy chairman of the National Assembly of Turkmenistan, today [20 March] left for the United States to take part in a special seminar devoted to the problems of reforming legislative systems. The seminar has been organized by the International Development Agency of America.

The Turkmen parliamentarians will be provided with possibilities to study the experience of the U.S. Congress, as well as the analogous experience of a number of states. In turn, their American colleagues will become acquainted with the main directions of the Turkmen parliament's activities. Problems related to democratizing the legislative process will be discussed within the framework of the seminar, with due regard to methods of studying the opinion of broad strata of the population, and to the mechanism of implementing the laws adopted.

Absorbing international legislative experience has become part of the activity of Turkmenistan's standing parliament.

Iran's Telecommunications Fair Opens in Ashgabat

LD0404193595 Tehran IRNA in English 1904 GMT 4 Apr 95

[FBIS Transcribed Text] Moscow, april 4, IRNA—Iranian Minister of Post, Telegraph and Telecommunications, Mohammad Gharazi, inaugurated in Ashgabat today a telecommunications fair of the Islamic Republic of Iran.

Turkmen vice-president for telecommunicational affairs, Yaghmour Avazov, in his speech at the inauguration ceremony praised Iran's achievements in this field and underscored the importance of expanding relations

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and cooperation between two "friendly and neighbouring" countries of Iran and Turkmenistan.

Avazov said holding of such fairs plays an "effective and constructive" role in expanding bilateral ties and cooperation.

He hoped Turkmen experts would get familiar with Iran's advanced equipment, which could be of help to Turkmenistan in overhauling its telecommunications network.

Also present at the fair was Turkmen vice-premier for commercial affairs Rejep Saparov who underlined the importance of such fairs in boosting Tehran-Ashgabat commercial relations.

Saparov expressed hope that Turkmen experts would make optimum use of the advanced technology offered by Iran for modernizing their telecommunications network.

The Iranian minister for his part underlined Iran's achievements in this field and voiced readiness to extend all kind of cooperation to Turkmenistan.

Some 18 Iranian companies have put their telecommunication products on display at the week-long fair.

Gharazi, who arrived in Ashgabat on Monday at the head of a high ranking delegation on a four-day visit, is to hold talks with Turkmen officials on ways to expand cooperation in the telecommunications field.

Uzbekistan

UNIDO Director on Technical Assistance Projects

LD0404163995 Tashkent VECHERNIY TASHKENT in Russian 3 Apr 95 p 2

[FBIS Translated Excerpt] When he addressed the first session of the Supreme Assembly, President Islam Karimov of Uzbekistan described active involvement of the republic in the activities of the various international organizations, above all UN institutions, as a primary guarantee of stability and state security, and stressed that international organizations represent an effective tool to promote transformations in our economy. [passage omitted]

In Uzbekistan, the UN Industrial development organization [UNIDO] is implementing a number of technical assistance projects. The UNIDO director for our country, Julian Watts, was kind enough to tell us about them.

"They include rendering technical assistance to the privatization process and developing the private sector. One million dollars has been allocated for this out of UN Development Program funds, with UNIDO acting as executor. "This project contains three main components:

"(a) The creation of a computerized data base on all the state property in the republic which is due to be privatized;

"(b) training employees of the State Committee for Property and Support for Enterprise [Goskomimushchestvo] in the privatization methods applied in other countries as well as in general aspects of privatization, such as the valuation of enterprises, the preparation of business plans, operating on securities exchanges, setting up joint ventures involving foreign capital, and so on;

"(c) providing expertise on all matters relating to privatization.

"The State Committee for Property and Support for Enterprise recently set up a Coordination Committee for Privatization with the participation of representatives from the European Union, the German technical center and the United Nations. The committee meets once a month to discuss urgent privatization problems.

"One very interesting and promising project is for the establishment of three pilot business incubators for supporting enterprises under leading higher educational establishments: The Tashkent State University, the Al-Biruni Technical University, the Tashkent Institute of Irrigation and Mechanization of Agriculture and the Samarkand State Architectural and Construction Institute. Business incubators are a modern way of assisting small and medium-sized science-intensive businesses and scientific and technical progress.

"A seminar was held recently in conjunction with the National Bank for Foreign Economic Activity on the analysis and evaluation of investment projects and the preparation of technical and economic feasibility studies. [passage omitted]

"One should also mention the regional programs which are being planned, including investment promotion.

"One program will familiarize the specialists from UNIDO member countries with all the problems related to attracting foreign investments, specifically via business cooperation with Japanese firms. There is also a regional program for preparing surveys of the industrial sector. This envisages drafting a comprehensive survey of Uzbek industry, its problems and the prospects for its further growth.

"One should also note UNIDO's supplementary activities in your republic. These include Uzbek specialists spending time studying and working at industrial enterprises abroad, assistance in privatizing Uzbekistan's tobacco industry, and and cooperation with the National Bank for Foreign Economic Activity on evaluating investment projects financed via the credit line of the European Bank for Reconstruction and Development. They also include cooperation with Uzelektrotekhprom to evaluate a proposal by the Schlumberger firm to transfer gas metering technology; and the preparation of

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a technical assistance project at the request of the Cabinet of Ministers for the newly established industrial standardization, certification, metering and quality control service.

"This list of UNIDO projects in Uzbekistan speaks for itself, and shows how fruitful this activity is.

"UNIDO is seeking to attract local specialists for joint work in Uzbekistan. Six national privatization experts are already working with it. UNIDO will be able to implement its projects even more successfully with the help of intellectuals and specialists from the republic."

World Bank Signs 'Rehabilitation' Credit Line

LD0404182395 Tashkent Radio Tashkent Network in Uzbek 1330 GMT 4 Apr 95

[FBIS Translated Excerpt] [Announcer] A news conference was held for the media at the republic's Central Bank today. It was chaired by Deputy Prime Minister Bakhtiyor Hamidov. He dwelt on the financial policy being pursued in our country, measures to provide financial stability, and the influence of that stability. He specifically emphasized the Central Bank's role in the world arena, and in particular, the solid results of its cooperation with the World Bank, the European Bank for Development and Reconstruction, and the International Monetary Fund.

At the conference Central Bank Chairman Fayzullo Mullojonov; the World Bank representative in Uzbekistan, Parviz Hasan; and International Monetary Fund representative Istvan Szalkai answered questions put by journalists.

Later on, Mahmudjon Askarov, deputy chairman of the Central Bank, answered a question about the significance of what was discussed at the news conference.

[Begin Askarov recording] The news conference held today was yet another important event in our republic's economic life because after talks with the World Bank, our government signed an agreement today, 4 April, in Washington on a rehabilitation credit.

This rehabilitation credit may be seen as a sign that there is confidence in the republic and that such a major financial organization as the World Bank has approved the economic changes and reforms taking place in the republic.

Because the great interest in our republic, Bakhtiyor Sultanovich Hamidov gave a lot of facts in his report today.

This rehabilitation credit is worth $160 million. The preferential terms on which it has been granted are that it is scheduled over 20 years; we begin interest payments after five years. The rate of interest is very favorable for the republic at 7.5 percent.

This loan will be used principally to cover the lack of foreign currency for imports. We must assimilate this 160 million dollars by October in the main. It is planned that the money will largely be used in the currency exchange market. [passage omitted] [end recording]

Karimov Holds Talks With Tajik Opposition Leader

LD0404204995 Moscow INTERFAX in English 1808 GMT 4 Apr 95

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] At a Monday [3 April] meeting with a Tajik opposition leader Akbar Turajonzoda in Tashkent President Islam Karimov discussed security in Central Asia, the situation in Tajikistan and other matters.

Karimov said that with the current economic and political difficulties in Tajikistan the confronting sides should stop arguing about the causes of the conflict or the extent of their responsibility but listen to the opinion of ordinary countrymen who want only peace and the possibility to work.

Karimov urged the Tajik opposition to give up military methods of reaching their objectives.

Uzbekistan is interested more than any other party in the speedy settlement of the Tajik conflict, Karimov said, and is ready to promote a peace process, the development of conditions of a consistent dialogue between the Tajik government and opposition.

Earlier the Uzbek President declared many times that stability in Central Asia largely depends on the situation in Tajikistan and a speedy political solution to the confrontation there.

Turajonzoda told Interfax that his meeting with Karimov took place in a constructive atmosphere.

According to him, Karimov promised to report the results of the meeting to President Boris Yeltsin and the leaders of Kazakhstan and Kyrgyzstan.

IF Note: On Tuesday Turajonzoda is leaving Tashkent for Moscow where he is expected to meet Deputy Foreign Minister Albert Chernyshov.

'Conspirators' Trial Ends, 'Long' Sentences Imposed

LD0404213795 Moscow INTERFAX in English 1901 GMT 4 Apr 95

[FBIS Transcribed Text] Tashkent, April 4 (INTERFAX)—In Uzbekistan, the trial has come to an end of a group of persons accused of "conspiracy to overthrow the constitutional system and seize power".

The press service of Uzbekistan's Supreme Court has said that the trial found that the conspiracy had been initiated by the chairman of the former "Erk" Democratic Party Mukhammad Solikh. A total of 21 people in

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the Kashkadarya region were "deceived and illegally moved to Turkey ostensibly for business training". From Turkey the recruits were sent to the Chechen capital Groznyy, where they "underwent brainwashing and hand-to-hand combat training and were instructed in the use of modern firearms".

Investigators found that those people had been trained for acts of sabotage and were going to be used in particularly dangerous crimes against Uzbekistan.

The Supreme Court on March 31 sentenced the main conspirators to long prison terms ranging from five to 12 years.

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Armenia

Cilician Catholicos Garegin Elected All Armenian Catholicos

NC0404184695 Yerevan Radio Yerevan International Service in Armenian 1815 GMT 4 Apr 95

[Unscheduled announcement]

[FBIS Translated Text] Dear compatriots, we just received the much awaited news from Holy See Echmiatsin. The national ecclesiastical synod meeting at Echmiatsin cathedral today elected Catholicos of the House of Cilicia His Holiness Garegin II as the 131th Catholicos of All the Armenians.

Soon after his election, the newly elected Catholicos of All the Armenians addressed the electors.

Karabakh Casualty Statistics Reported

954F1972A Yerevan VREMYA in Russian 29 Mar 95 p 1

[Unattributed report from NOYAN TAPAN and SNARK agency sources: "Thirty Thousand Killed...."]

[FBIS Translated Text] About 30,000 killed, approximately 200,000 wounded, more than 2,000 taken prisoner and hostage—these are the losses suffered by Azerbaijan in the Karabakh conflict, according to a report by Azerbaijan's Minister of Foreign Affairs Gasan Gasanov. The head of Azerbaijan's foreign policy department cited these figures at a conference on stability in Europe that concluded several days ago in Paris. In his presentation, Gasan Gasanov once again accused Armenia of attempting to annex a portion of Azerbaijani territory.

People's Front Congress Prohibited

954F1972B Yerevan VREMYA in Russian 29 Mar 95 p 1

[Unattributed report from NOYAN TAPAN and SNARK agency sources: "State of Emergency Only for the People's Front of Azerbaijan"]

[FBIS Translated Text] The third congress of one of Azerbaijan's most powerful opposition political organizations—the People's Front of Azerbaijan [NFA]—was supposed to begin its work 25 March in Baku. It was expected that the leader of this organization, former president Abdulfaz Elchibey, would also participate in the work of the congress.

Conduct of the NFA congress was banned, however, by the Baku Commandant's Office. The authority justified its decision by virtue of the existence of a state of emergency, which prohibits the conduct of mass events in the city. However, the NFA leadership considers this argument unfounded, since the state of emergency did not prevent the conduct of recent congresses of progovernment parties—that of Geydar Aliyev's Young Azerbaijan Party, for example, or that of the National Statehood Party headed by presidential adviser Neymat Panakhov.

"We view this ban as a form of discrimination based on political motives, as evidence of the violation by our current leadership of basic democratic standards and freedoms"—stated NFA Deputy Chairman Asim Mollazade in conversation with a TURAN correspondent. According to Mollazade, the campaign of repression against the democratic opposition and free press, which has intensified in recent days, constitutes evidence of the fact that the present authorities are charting a course toward establishment of a dictatorial regime in Azerbaijan.

Improvement in Demographics Noted

954F1972C Yerevan RESPUBLIKA ARMENIYA in Russian 30 Mar 95 p 1

[Unattributed report: "We Have Pulled Through, Fellows!"]

[FBIS Translated Text] According to a report of the Armenian Republic State Administration for Statistics, an increase in the birth rate for the republic was noted in January 1995 as compared with last year—last year's figure of 4,043 is replaced by 4,232 for this year. At the same time, the death indices were reduced. In January 1994, 2,247 incidents of death were registered, while 2,099 deaths were recorded in 1995. The NOYAN TAPAN agency reports that the main causes of death continue to be heart and other circulatory- system illnesses (1,083 cases), malignant tumors (290 cases), and respiratory illnesses (151 cases).

In January 1995, 58 cases of death of babies under one year old were recorded. Some 1,310 marriages and 179 divorces were registered over the same period.

Azerbaijan

Aliyev Extends Emergency Rule in Baku for 60 Days

LD0404202095 Moscow INTERFAX in English 1808 GMT 4 Apr 95

[FBIS Transcribed Text] President Geydar Aliyev extended for 60 days the emergency rule in Baku. He signed a decree to this effect Monday [3 April].

Parliament has 24 hours to approve the decree.

IF Note: Emergency rule imposed in Baku was declared on October 3, 1994, when former prime minister Suret Guseynov staged a coup attempt, and extended twice since then.

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Iran Told Not Possible To Join West Consortium

NC0404124295 Baku TURAN in English 1536 GMT 3 Apr 95

[FBIS Transcribed Text] Baku (April 3) TURAN—"I have sent an official notification to the Iranian Ambassador in Baku and to the Oil Minister of Iran in which I inform that the participation of that country in the consortium with western countries is not possible," TURAN was told by the President of SOCAR [Azerbaijani National Oil Company] Natig Aliyev.

Natig Aliyev does not exclude the fact that Iran may take part in the development the other oil fields in the Azeri sector of the Caspian sea.

SHELL, ELF, AGIP, MOBIL and some other companies pretended to enter the consortium.

Russian Route May Be Chosen for Exporting Oil

LD0304123795 Moscow INTERFAX in English 0952 GMT 3 Apr 95

[FBIS Transcribed Text] BAKU, April 3 (PIA-Interfax)—Azerbaijan is ready to consider the possibility of transporting oil using the Russian pipeline network, if the Turkish pipeline project fails to win funding, the Petroleum Information Agency was told by high-ranking Azeri government officials.

According to them, President Geydar Aliyev will closely study Moscow's proposals on the transportation of Azeri oil along the Russian network which is part of the Caspian pipeline consortium. This would mean Russian oil terminals on the Black Sea would be used. According to government experts, if Baku and the consortium of foreign companies manage to launch extraction from off-shore deposits, Azeri oil exports might grow to the annual figure of 30 million tons after 2000.

Experts from the Azeri National Oil Company believe that the productivity of the new oil-fields will reach 4 million tons in 1997 and exceed 40 million tons at the beginning of the next century.

When the international consortium for Caspian oil fields was formed last September, Russia and Azerbaijan discussed the possibility of using the operating Baku-Groznyy-Tikhoretsk pipeline. In view of the new situation in Chechnya Moscow has suggested building a new pipeline from Azerbaijan in circumvention of Chechnya. According to the Russian Transneft company, the project would require investments to the tone of $181.5 million, if four million tons are to be pumped annually, and $441 million for over 10 million tons.

Earlier Aliyev voiced strong support for the Turkish route which would require the investment of $4 billion. Turkey has also invited Azerbaijan to discuss several cheaper possibilities that would guarantee the export of some 20 million tons of oil.

Georgia

Cabinet Ratifies Agreements with Ukraine

AU0404134095 Tbilisi SAKARTVELOS RESPUBLIKA in Georgian 15 Mar 95 p 2

[Unattributed report: "On Agreements Between the Republic of Georgia and Ukraine"]

[FBIS Translated Text] In accordance with a Republic of Georgia Cabinet of Ministers decree, the following agreements between the Republic of Georgia and Ukraine have been ratified:
Agreement between the Republic of Georgia Government and Ukrainian Government on Bilateral Protection and Encouragement of Investments;
Agreement between the Republic of Georgia Government and Ukrainian Government on Cooperation in the Sphere of Pension Provision;
Agreement between the Republic of Georgia Government and Ukrainian Government on Free Trade;
Agreement between the Republic of Georgia Government and the Ukrainian Government on Production Cooperation;

The protocol to the Agreement of 6 August 1992 on the Development of Commercial and Economic Cooperation Between the Republic of Georgia Government and Ukrainian Government in order to supply products and goods in 1995.

Economics Minister Tells of Commitment to Reforms

AU0504111395 Paris AFP in English 1042 GMT 5 Apr 95

[Report by Peter Graff]

[FBIS Transcribed Text] Tbilisi, April 5 (AFP)—The former Soviet republic of Georgia intends to press on with economic reforms despite great current problems in balancing its budget this year, Economics Minister Vladimir Papavas said.

In an interview with AFP on Tuesday [4 April], he said the government had fallen far behind its revenue targets for the first quarter of 1995 because of unrealistic expectations when the budget was passed in January.

"We were unable to collect the receipts we had expected from taxes and the sale of electricity and gas and even bread," Papavas said.

As a result, Georgia has delayed paying budgeted expenses. Workers in some state industries have not been paid for months, and the country's foreign energy bill is mounting.

The 1995 budget is regarded here as evidence of President Edouard Shevardnadze's commitment to tight monetary policies and market reforms. Georgia has one of the most troubled economies among countries of the

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former Soviet Union. It received support of $75 million from the International Monetary Fund in March and is hoping for more such help in the future. But despite its current crash crunch, Georgia plans to continue with structural reforms to help woo IMF support, Papavas said.

He said the government intended to stop covering the energy expenses of companies and households, which is a steady drain on public finances because businesses and local authorities have not been paying their gas bills.

Georgia is heavily in debt to the gas-rich former Soviet republic of Turkmenistan and has had to cut energy consumption drastically.

Most Georgians have been without gas or heat all winter, and electricity is rationed. But the government continues to buy gas to keep factories open, even though it has not been able to recover energy costs from consumers.

"In the future, if companies want gas, let them buy it themselves (from Turkmenistan)," Papavas said. This means that bigger companies will themselves have to negotiate with the Turkmenistan suppliers.

Local government will take over the state's role of buying gas on behalf of small companies, and collecting payment from them.

Papavas said reforms would also continue in the bread sector, which is being closely watched by the IMF. Georgia plans to break up its centralised system of state bakeries during the second quarter of 1995.

At the end of last year Georgia earned a $40-million loan from the IMF after raising bread prices 300-fold. Rationed bread from state factories, once practically given away, now costs almost as much as "commercial bread from the grey market"—bread which is produced and sold outside the state system.

"As long as the state maintains the monopoly, we cannot have truly free prices for bread," Papavas said.

Correspondents Protest Ban on Parliamentary Reporting

LD0404183095 Tbilisi Radio Tbilisi Network in Georgian 1700 GMT 4 Apr 95

[FBIS Translated Excerpt] The Georgian Parliament held a plenary session today. Ignoring the approved agenda, deputies began by delivering statements on various issues, such as structural reorganization in the Cabinet of Ministers, confirmation by parliament of Supreme Court members, advertizing on television, and other topics. [passage omitted]

Parliament then went on to examine draft laws from the agenda. We are no longer able to provide you with information about specific legislation which was examined or adopted. The Georgian Parliament decided on 22 March that we should only report official information as presented by the press centrse of state structures. However, in accordance with democratic principles, and since we still have the right to do so, we, correspondents working at the Georgian Television and Radio Corporation, express our protest against this decision.

Cabinet: State Property Privatization in Abkhazia 'Illegal'

AU0404151095 Tbilisi SAKARTVELOS RESPUBLIKA in Georgian 15 Mar 95 p 2

["Statement by the Republic of Georgia Cabinet of Ministers"; place and date not given]

[FBIS Translated Text] In accordance with the Law on "the Privatization of State Enterprises" in the Republic of Georgia, the privatization of state property is underway. For well-known reasons, this process has been halted in the Abkhazian Autonomous Republic.

In spite of this, according to existing information, it has become known that the privatization of state property is proceeding on the territory of the Abkhazian Autonomous Republic contrary to the interests of the greater part of its population and commercial structures from the Russian Federation and other countries are participating in this.

The Republic of Georgia Cabinet of Ministers calls upon all physical and legal entities, including foreign countries, not to participate in an illegal action as, according to the Georgian Parliament decree of 10 March 1994, "all legislative acts that contradict Republic of Georgia legislation and have been adopted by structures subordinate or allied to separatist groups are not valid in law"; otherwise, all purchase or sale contracts and other deals involving state property on the territory of the Abkhazian Autonomous Republic will be viewed as null and void and we do not accept any responsibility for the return of the sums paid.

The Republic of Georgia Cabinet of Ministers.

Ardzinba Accuses Tbilisi of Attempts To Break Peace

LD0404161595 Moscow ITAR-TASS in English 1556 GMT 4 Apr 95

[By ITAR-TASS correspondent Nadezhda Chaykova]

[FBIS Transcribed Text] Moscow April 4 TASS—The increased attacks at civilians and officials in the Abkhazian Ghali region "prove the attempts of Georgian leaders to break peace settlement and solve the Georgian-Abkhazian problem by force," Abkhazian leader Vladislav Ardzhinba told an exclusive ITAR-TASS interview today.

He is alarmed by "the mounting Georgian military potential. It is necessary to settle Abkhazian-Georgian relations before the creation of the Georgian Armed Forces. Otherwise, combat operations may resume."

In the words of Ardzhinba, "the Abkhazian-Georgian relations cannot be built on principle: colony-mother country. Disputable issues cannot be settled without due account of Abkhazian interests."

The Abkhazian leader called for prolongation of the peacekeepers' mandate in the conflict zone.

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Estonia

Swedish Prime Minister Arrives on 1-Day Visit

LD0404114895 Tallinn Radio Tallinn Network in Estonian 1100 GMT 4 Apr 95

[FBIS Translated Excerpt] Sweden's Prime Minister Ingvar Carlsson arrived in Tallinn at noon today on a one-day visit. The Swedish Government leader will be meeting Estonian President Lennart Meri, Prime Minister Andres Tarand, and Tiit Vahi, chairman of Tallinn City Council who, being the leader of the electoral pact which won the Riigikogu elections, is currently putting together a new Estonian Government. [passage omitted]

Holds Talks With Meri, Others

LD0504110595 Tallinn Radio Tallinn Network in Estonian 1700 GMT 4 Apr 95

[FBIS Translated Text] Swedish Prime Minister Ingvar Carlsson has been visiting Estonia. Here is Erik Samel with details.

[Samel] Ingvar Carlsson met President Lennart Meri and Prime Minister Andres Tarand. Foreign Minister Juri Luik, Tiit Vahi, the prime ministerial candidate, and Endel Lippmaa, the Riigikogu Foreign Commission chairman, also attended the meeting with the president.

As the Swedish prime minister sees it, relations between the two countries are developing very rapidly, and not only at the government level. According to Ingvar Carlsson, alongside bilateral relations issues to do with the European Union and the Schengen agreement, which makes travel easy for citizens of seven European countries, were also under discussion at the meetings today. Relations with Russia were also discussed. Luik added that Sweden promised comprehensive assistance to Estonia on its way towards full EU membership. Security issues were also discussed.

[Begin Luik recording] The Swedish prime minister stated that under no circumstances would neutrality stand for indifference. Should a state fall victim to aggression, Sweden would help with every possible means through international organizations, like the UN, EU, and OSCE, for example, and come to the rescue of the victim of aggression. This was indeed very important, and it was very pleasant to hear. [end recording]

[Samel] Visa-free travel between the two countries is hampered by problems of two kinds, according to the Swedish Government leader. Apart from the actual visa issue, one has to consider also the asylum policy here.

[Carlsson, in English fading into Estonian report] These issues must be resolved simultaneously. The Swedish prime minister has been told that success has been achieved at talks. Talks will continue in April and according to Ingvar Carlsson, time is ripe for concrete decisions.

[Samel] During the meetings today Estonia's opportunities to purchase arms from Sweden were also discussed.

[Carlsson, in English fading into Estonian report] Strict restrictions have been imposed in Sweden on arms exports. The main rule is that arms exports are banned. However, under certain conditions the government may still provide permission for a company to sell arms. As there are no longer foreign troops in Estonia, and we are not talking about an aggressive state, then according to Ingvar Carlsson, sales of arms are possible. However, each individual arms purchase would be discussed separately.

[Samel] As Luik noted, Estonia has not yet applied to Sweden for an arms purchase.

Luik and Lars Grundberg, the Swedish ambassador to Estonia, signed a protocol which restores the Swedish-Estonian bilateral economic commission. The commission concluded its activities some time ago, after the free-trade agreement between the two countries expired in connection with the free-trade agreement with the EU. However, since Estonia and Sweden have numerous trade links, it was considered necessary to restore the commission's activities.

Carlsson Favors Estonia's Entry Into EU

LD0404202795 Moscow INTERFAX in English 1901 GMT 4 Apr 95

[FBIS Transcribed Text] TALLINN, April 4 (Interfax)—The Swedish Prime Minister Ingvar Carlsson has told a news conference in Tallinn that his country is ready to help Estonia on its road to the European Union.

At the end of his six-hour visit to Estonia Tuesday [4 April] he expressed confidence that the Baltic country will sign an agreement on associated membership with the EU this spring already.

Carlsson favored Estonia's fast entry into the EU. He stressed that Sweden stands for neutrality but this does not mean that it will remain indifferent or passive in the event of aggression against a neighboring independent state. "We have many ways of helping them, in particular through such international organizations as the UN, EU and OSCE", the prime minister said.

He announced that during his meetings with President Lennart Meri and Prime Minister Andres Tarand he discussed, among other things, the arms trade.

Karlsson said that relations between Sweden and Estonia are developing quickly at all levels. He announced that due to the parliamentary debate on the state of the Swedish economy he is forced to give up his visit to Latvia planned for Wednesday.

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